

10-2-27
No. 11008

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

OTTO H. KRUGER,

Appellant,

vs.

NED WHITEHEAD, doing business under the fictitious
name of Whitehead & Co.,

Appellee.

TRANSCRIPT OF RECORD

Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

FILED

JUN 25 1945

PAUL P. O'BRIEN,
CLERK

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INDEX.

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italics; and likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible an omission from the text is indicated by printing in *italics* the two words between which the omission seems to occur.]

	Page
Answer and Counter-Claim.....	12
Answer to Counter-Claim.....	16
Appeal:	
Bond on	27
Notice of	26
Statement of Points on.....	32
Stipulation and Order re Record on.....	29
Bill of Particulars, Plaintiff's.....	7
Exhibit A. Notice in Writing Alleging Infringe- ment of Patent in Suit, Dated October 7, 1941.....	8
Exhibit B. Notice in Writing Alleging Infringe- ment of Patent in Suit, Dated October 17, 1941....	9
Exhibit C. Identification Card Made and Sold by Plaintiff	10
Exhibit D. Identification Card Made and Sold by Plaintiff	10
Bond on Appeal.....	27
Certificate of Clerk.....	35
Complaint	2
Findings of Fact and Conclusions of Law.....	22
Judgment	25
Names and Addresses of Attorneys.....	1

	Page
Notice of Appeal.....	26
Opinion, Memorandum	20
Statement of Points on Appeal.....	32
Statement of Points on Appeal (Circuit Court).....	158
Stipulation and Order Designating Portions of Record to Be Printed.....	159
Stipulation and Order re Record on Appeal.....	29
Stipulation Dated June 9, 1944.....	19
Summary Judgment as to Defendant John McK. Ballou	11
Reporter's Transcript	36
Defendant's Exhibits (See Index to Exhibits)	
Plaintiff's Exhibits (See Index to Exhibits)	
Testimony on Behalf of Defendant:	
Horowitz, David—	
Direct examination	92
Cross-examination	104
Redirect examination	110
Kruger, Otto H.—	
Direct examination	54
Cross-examination	88
Redirect examination	91
Direct examination (rebuttal).....	128
Testimony on Behalf of Plaintiff:	
Whitehead, Ned—	
Direct examination	116
Cross-examination	121
Redirect examination	125
Recross-examination	126
Redirect examination	127

INDEX TO EXHIBITS.

	Page
Defendant's Exhibits:	
A—Certified copy of Patent No. 2,088,567 (in evidence)	42
B—Certified copy of decision of Board of Appeals (in evidence)	51
C—Identification card of defendant (in evidence)....	61
D—Defendant's, Counter-claimants interrogatories (in evidence)	68
A—Photostatic prints of advertisement.....	71
B—Photostatic prints of advertisement.....	72
E—Answers to Defendant's, Counter-claimant's interrogatories (in evidence).....	73
A—Photostatic copy of cellulose acetate card....	75
F—Identification badge of Kaiser Company (in evidence)	77
Plaintiff's Exhibits:	
1 Certified copy of assignment of patent in suit of John McK. Ballou to Otto H. Kruger (for identification)	50
2. Title page and pages 733, 734, 774, 775, 776, 777 and 959 of Handbook of Plastics, by Herbert R. Simonds (for identification).....	112
3. Patent to Goodsell and Maynard 1,071,226 (in evidence)	113
(In Transcript)	137
4. Patent to Wilson, No. 953,081 (in evidence).....	113
(In Transcript)	141

Plaintiff's Exhibits:	Page
5. Patent to Longmessenger, No. 1,390,959 (in evidence)	114
(In Transcript)	145
6. Patent to Kimber, No. 895,664 (in evidence) ..	114
(In Transcript)	149
7. Patent to Walsh and Caprio, No. 2,079,641 (in evidence)	114
(In Transcript)	153
8. Certified copy of application of Walsh and Caprio as originally filed in the Patent Office (in evidence)	115
9A. Card bearing statement "Green RT-806" (in evidence)	118
9B, C, D, E, F, G and H. Cards similar to Exhibit 9A (in evidence)	119

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In the United States District Court
Southern District of California
Central Division

Civil Action No. 3116-BH

NED WHITEHEAD, doing business under the fictitious
name of Whitehead & Co.,

Plaintiff, -

vs.

OTTO H. KRUGER and JOHN McK. BALLOU,
Defendants.

COMPLAINT

Comes Now the plaintiff and for cause of action against
defendants above named, Alleges:

I.

That plaintiff is a citizen of the State of California and
a resident of the City of Los Angeles in said State.

II.

That defendants are, and each of them is, citizens of
the State of California and residents of the City of Los
Angeles in said State. [2]

III.

That this is a suit for declaratory relief and the juris-
diction of this Court depends upon the Declaratory Relief
Act, Judicial Code Section 274d, 28 U. S. C. A. 400. and
the patent laws of the United States.

IV.

That this is a suit for declaratory relief arising because
of the defendants' assertion of ownership of and infringe-
ment by plaintiff of pretended United States Letters

Patent No. 2,088,567 granted to defendant, Otto H. Kruger August 3, 1937 for an "Identification Card";

That plaintiff is informed and upon such information and belief alleges that defendant, John McK. Ballou claims and asserts a right, title and interest in and to said pretended Letters Patent.

V.

That plaintiff has been and is now engaged in the manufacture and sale of Identification Cards and of material and equipment to be used in the manufacture of Identification Cards embodying and containing substances which, when put together in an Identification Card, are claimed and asserted by defendants to be an infringement of Claim 1 of said Letters Patent;

That defendant Otto H. Kruger has represented to plaintiff that said Letters Patent were granted and issued to him for the alleged invention of defendant John McK. Ballou, and has asserted that plaintiff's manufacture and his sale of component parts intended to be and which were completed by plaintiff's customers and by them completed as Identification Cards, constitutes infringement of said pretended Letters Patent;

That an actual controversy exists between plaintiff and said defendants as to the validity and alleged infringement of [3] said Letters Patent and of Claim 1 thereof, and in particular defendants have caused notice to be given in writing to Lockheed Aircraft Corporation of Burbank, California, that that company is knowingly infringing said Letters Patent No. 2,088,567 by completing identification cards from and with materials supplied to it by plaintiff.

VI.

That said pretended Letters Patent No. 2,088,567 are invalid and void, particularly as to Claim 1 thereof, because of the failure of the pretended inventor thereof, defendant John McK. Ballou, to comply with the requirements of Section 4888 of the Revised Statutes of the United States in that the written description contained in said Letters Patent of the same and of the manner and process of making, constructing, compounding and using it, is not in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it appertains or with which it is most nearly connected, to make, construct, compound and use the same as required by such Statute;

That Claim 1 of said Letters Patent is invalid in law because it does not comply with said Section of said Statute in that it does not particularly point out and distinctly claim the part, improvement or combination claimed to be the invention or discovery.

VII.

That said John McK. Ballou is not the original and first inventor of that which is alleged to be patented in and by Claim 1 of said pretended Letters Patent No. 2,088,567, or any material or substantial part thereof, but on the contrary the same was and were matters of common knowledge in said art and did not require [4] the exercise of the inventive faculty to produce the same, and particularly that which is described and defined in Claim 1 of said pretended Letters Patent and all material

and substantial parts thereof, has been patented or described in each of the following Letters Patent:

United States Letters Patent

<u>Patentee.</u>	<u>Number</u>	<u>Date</u>
Andrew Reid and John Jameson	356,695	January 25, 1887
Adolph Bensinger	383,272	May 22, 1888
Emmor Kimber	894,664	July 28, 1908
James R. Wilson	953,081	March 29, 1910
Percy H. Goodsell and William E. Maynard	1,071,226	August 26, 1913
Francis M. Case	1,116,383	November 10, 1914
R. H. Casswell	1,893,225	January 3, 1933
John W. Hasburg	1,249,390	December 11, 1917
Paul C. Longmesser	1,390,959	September 13, 1921
A. D. Collins	1,490,801	April 15, 1924
Philip A. Sawyer	1,575,940	March 9, 1926
Thomas S. Reese	1,627,407	May 3, 1927
C. Scott	2,050,021	August 4, 1936
J. F. Walsh, et al.	2,079,641	May 11, 1937

British Letters Patent

328,070

252,186

781 of 1860

1513 of 1892 [5]

VIII.

That in view of the state of the art at and before the alleged invention of John McK. Ballou of the pretended invention attempted to be defined by Claim 1 of said pretended Letters Patent, the making and using of an identification card as defined in said Claim 1 was a matter of common knowledge and within the knowledge and skill of the ordinary workman in said art; that no invention was required to produce the same, but was and is a mere adaptation of well known methods, devices and compositions of matter for the required uses involving merely the skill expected of one in the art to which said pretended Letters Patent pertain.

Wherefore, plaintiff prays for judgment against defendants, and each of them, decreeing that said Letters Patent, particularly as to Claim 1, be deemed invalid and void and that plaintiff has not infringed thereof; That plaintiff be awarded his costs herein, and That plaintiff have such other, further or different relief as in equity and good conscience the Court may deem, under the circumstances, required.

Dated this 27th day of August, 1943.

Lyon & Lyon

Frederick S. Lyon

Frederick W. Lyon

Attorneys for Plaintiff

[Endorsed]: Filed Aug. 27, 1943. [6]

[Title of District Court and Cause.]

PLAINTIFF'S BILL OF PARTICULARS

Comes Now the plaintiff and alleges, in answer to the defendant Otto H. Kruger's request for a Bill of Particulars, as follows:

I.

The attached Exhibits "A" and "B" are notices in writing alleging infringement of the patents in suit.

II.

By stipulation, no answer is required to this request. [21]

III.

As plaintiff does not know the scope, nor what the defendant will claim as the alleged invention of the patent in suit, plaintiff will rely upon all of the patents and patentees referred to in paragraph VII of the Complaint herein, and will rely upon all of the patents and patentees to show anticipation and state of the art.

IV.

By stipulation no answer is required to request number Four.

V.

Attached hereto and marked Exhibit "C" and Exhibit "D" are the types of identification cards which the plaintiff has made, sold and used.

Dated: Los Angeles, California, this 12th day of April, 1944.

Lyon & Lyon
Frederick S. Lyon
Frederick W. Lyon

Attorneys for Plaintiff [22]

EXHIBIT "A"

IRVIN C. LOUIS

LAWYER

715 Haas Building
219 West Seventh Street
Los Angeles
TRinity 5749

Oct. 7th, 1941

Lockheed Aircraft Corporation
1705 Victory Place,
Burbank, California.

Attention Mr. Robert Gross

Gentlemen:

We represent Mr. John McK Ballou, inventor of a patented unalterable identification card U. S. Patent No. 2088567.

Mr. Ballou is informed that your Company is knowingly infringing this patent and we would appreciate a conference with you in connection therewith.

Yours very truly,

IRVIN C. LOUIS & J. TORRANCE

ICI./t

By Irwin C. Louis [23]

EXHIBIT "B"

IRVIN C. LOUIS

LAWYER

715 Haas Building
219 West Seventh Street
Los Angeles
TRinity 5749

Oct. 17th, 1941

Lockheed Aircraft Corporation,
Attention Robert E. Gross, President,
Burbank, California

Gentlemen:

This will acknowledge receipt of your letter dated Oct. 13, 1941 relative to U. S. Patent No. 2,088,567 pertaining to an unalterable identification card.

Inasmuch as it takes some time to obtain a copy of the patent from Washington, for your convenience we enclose a copy thereof. We are doing this notwithstanding the fact that prior to the time you put your identification cards into use this patent was submitted to your Mr. Hanson, whom we understand is in charge of Plant Protection.

Subsequent to the time that the patent was infringed we are advised that your Mr. Sullivan had a copy of the patent in his possession for approximately one week.

In view of the foregoing it should not take very long for you to complete your investigation.

Yours very truly,

IRVIN C. LOUIS & J. TORRANCE

By Irvin C. Louis [24]

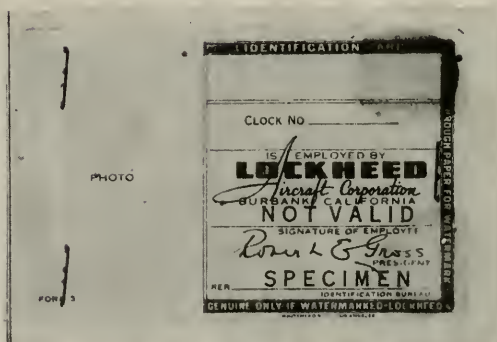
ICL/t

EXHIBIT "C"



[25]

EXHIBIT "D"



[Endorsed]: Filed Apr. 12, 1944. [26]

[Title of District Court and Cause.]

ORDER FOR SUMMARY JUDGMENT

This cause came on to be heard on the motion of John McK. Ballou for a summary judgment, pursuant to Rule 56 of Federal Rules of Civil Procedure, and the Court finding that the undisputed fact is that for considerable time prior to August 27, 1943, the date on which this cause was filed, defendant John McK. Ballou has not had **any right, title or interest in or to the Letters Patent in suit, No. 2,088,567;**

It Is Hereby Ordered, Adjudged and Decreed that this action be dismissed as to said defendant John McK. Ballou and that said [28] defendant recover his costs in the amount of \$7.00.

Dated at Los Angeles, California, this 17 day of Apr., 1944.

Ben Harrison

United States District Judge

Approved as to form:

Frederick S. Lyon

Attorneys for Plaintiff

R. Welton Whann

Robert M. McManigal

Attorneys for Defendant, Otto H. Kruger

Dismissal entered Apr. 17, 1944. Docketed Apr. 17, 1944. Book C. O. #24, Page 762. Edmund L. Smith, Clerk, by Murray E. Wire, Deputy.

[Endorsed]: Filed Apr. 17, 1944. [29]

In the United States District Court
Southern District of California
Central Division

Civil Action No. 3116-BH

NED WHITEHEAD, doing business under the fictitious
name of Whitehead & Co.,

Plaintiff, Cross-Defendant

vs.

OTTO H. KRUGER,

Defendant, Cross-Complainant
and

JOHN McK. BALLOU,

Defendant.

ANSWER TO COMPLAINT

Comes now defendant Otto H. Kruger and answering plaintiff's complaint, admits, denies, and alleges as follows:

I.

Answering the allegations of paragraph IV of the complaint, answering defendant admits that this is a suit for declaratory relief arising because of answering defendant's assertion of ownership of and [30] infringement by plaintiff of United States Letters Patent No. 2,088,567 granted to defendant, Otto H. Kruger, August 3, 1937 for an "Identification Card".

Other than as expressly admitted hereinabove, answering defendant denies each and every, all and singular, of the allegations of said paragraph.

II.

Answering the allegations of paragraph V of the Complaint, answering defendant admits that the plaintiff has been and is now engaged in the manufacture and sale of Identification Cards and of material and equipment to be used in the manufacture of Identification Cards embodying and containing substances which, when put together in an Identification Card, are claimed and asserted by answering defendant to be an infringement of Claim 1 of said Letters Patent; that answering defendant has represented to plaintiff that said Letters Patent were granted and issued to him for the invention of defendant John McK. Ballou, and has asserted that plaintiff's manufacture and his sale of component parts intended to be and which were completed by plaintiff's customers and by them completed as Identification Cards, constitutes infringement of said Letters Patent; that an actual controversy exists between plaintiff and said answering defendant as to the validity and infringement of said Letters Patent and of Claim 1 thereof; and that defendant John McK. Ballou has caused notice to be given in writing to Lockheed Aircraft Corporation of Burbank, California that that company is knowingly infringing said Letters Patent No. 2,088,567 by completing identification cards from and with materials supplied to it by plaintiff.

Other than as expressly admitted hereinabove, answering defendant denies each and every, all and singular, of the allegations of said paragraph. [31]

III.

Answering the allegations of paragraph VI of the Complaint, answering defendant denies each and every, all and singular, of the allegations of said paragraph.

IV.

Answering the allegations of paragraph VII of the Complaint, answering defendant denies each and every, all and singular, of the allegations of said paragraph.

V.

Answering the allegations of paragraph VIII of the Complaint, answering defendant denies each and every, all and singular, of the allegations of said paragraph.

COUNTER CLAIM

The cross-complainant above named, for cause of action against the cross-defendant above named, alleges as follows:

A.

That this Court has jurisdiction herein by reason of the fact that this is a suit arising under the patent laws of the United States of America.

B.

On August 3, 1937, United States Letters Patent No. 2,088,567 were duly and legally issued to cross-complainant for an invention in an identification card; and since said date cross-complainant has been and still is the owner of said Letters Patent. [32]

C.

Cross-defendant has for a long time past been and still is infringing those Letters Patent by making, selling, and using identification cards embodying the patented invention, and will continue to do so unless enjoined by this Court.

D.

Cross-complainant has placed the required statutory notice on all identification cards manufactured and sold by him under said Letters Patent, and has given written notice to cross-defendant of his said infringement.

Wherefore, answering defendant, cross-complainant, demands that the plaintiff's complaint herein be dismissed, a final injunction against further infringement by plaintiff, cross-defendant, and those controlled by plaintiff, cross-defendant, an accounting of profits and damages, an assessment of costs against plaintiff, cross-defendant, and for such other and further relief as may be just in the premises.

Signed at Los Angeles, California, this 21st day of April, 1944.

R. WELTON WHANN

ROBERT M. McMANIGAL

Attorneys for Defendant, Cross-Complainant

[Endorsed]: Filed Apr. 21, 1944. [33]

[Title of District Court and Cause.]

ANSWER TO COUNTERCLAIM

Comes Now the plaintiff, Ned Whitehead, and answering defendants' counterclaim, admits, denies, and alleges as follows:

I.

Answering the allegations of Paragraph A of the counterclaim, plaintiff admits that this is a suit arising under the patent laws of the United States of America. [34]

II.

Answering Paragraphs B, C, and D, plaintiff, cross-defendant, denies each and every allegation thereof other than that said Letters Patent were issued.

Further Answering the cross-complaint herein, for separate, alternate, and further defenses, plaintiff, cross-defendant alleges:

I.

That said pretended Letters Patent No. 2,088,567 are invalid and void, particularly as to Claim 1 thereof, because of the failure of the pretended inventor thereof, defendant John McK. Ballou, to comply with the requirements of Section 4888 of the Revised Statutes of the United States in that the written description contained in said Letters Patent of the same and of the manner and process of making, constructing, compounding and using it, is not in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it appertains or with which it is most nearly connected, to make, construct, compound and use the same as required by such Statute.

II.

That said John McK. Ballou is not the original and first inventor of that which is alleged to be patented in and by Claim 1 of said pretended Letters Patent No. 2,088,567, or any material or substantial part thereof, but on the contrary the same was and were matters of common knowledge in said art and did not require the exercise of the inventive faculty to produce the same, and particularly that which is described and defined in Claim 1 of said pretended Letters Patent and all material and substantial parts thereof, has been patented or described in each [35] of the following Letters Patent:

<u>United States Letters Patent</u>		
<u>Patentee</u>	<u>Number</u>	<u>Date</u>
Andrew Reid and John Jameson	356,695	January 25, 1887
Adolph Bensinger	383,272	May 22, 1888
Emmor Kimber	894,664	July 28, 1908
James R. Wilson	953,081	March 29, 1910
Percy H. Goodsell and William E. Maynard	1,071,226	August 26, 1913
Francis M. Case	1,116,383	November 10, 1914
R. H. Casswell	1,893,225	January 3, 1933
John W. Hasburg	1,249,390	December 11, 1917
Paul C. Longmessenger	1,390,959	September 13, 1921
A. D. Collins	1,490,801	April 15, 1924
Philip A. Sawyer	1,575,940	March 9, 1926
Thomas S. Reese	1,627,407	May 3, 1927
C. Scott	2,050,021	August 4, 1936
J. F. Walsh, et al.	2,079,641	May 11, 1937

British Letters Patent

328,070

252,186

781 of 1860

1513 of 1892 [36]

III.

That in view of the state of the art at and before the alleged invention of John McK. Ballou of the pretended invention attempted to be defined by Claim 1 of said pretended Letters Patent, the making and using of an identification card as defined in said Claim 1 was a matter of common knowledge and within the knowledge and skill of the ordinary workman in said art; that no invention was required to produce the same, but was and is a mere adaptation of well known methods, devices and composition of matter for the required uses involving merely the skill expected of one in the art to which said pretended Letters Patent pertain.

Wherefore, plaintiff, cross-defendant prays for judgment against defendants, and each of them, decreeing that said Letters Patent be deemed invalid and void and that plaintiff has not infringed thereof; That plaintiff be awarded his costs herein, and That plaintiff have such other, further or different relief as in equity and good conscience the Court may deem, under the circumstances, required.

Dated this 24th day of April, 1944.

Lyon & Lyon

Frederick S. Lyon

Frederick W. Lyon

Attorneys for Plaintiff

[Endorsed]: Filed Apr. 28, 1944. [37]

[Title of District Court and Cause.)

STIPULATION.

It Is Hereby Stipulated, by and between counsel for the respective parties herein:

That at the trial of this action uncertified printed, photostatic or photographic copies of United States patents heretofore pleaded may be offered in evidence by either party with the same force and effect as the originals or duly certified copies thereof, subject to the usual objections as to materiality or relevancy;

That uncertified printed, photostatic or photographic copies of foreign patents heretofore pleaded and bearing the stamp of the United States Patent Office showing the date of the [38] receipt thereof may be offered in evidence by either party with the same force and effect as the originals or duly certified copies thereof, subject to the usual objections as to materiality or relevancy;

That the date of publication of all publications heretofore pleaded appearing thereon shall be considered the date of publication thereof;

That all patents, domestic and foreign, and all printed publications offered in evidence and covered by this Stipulation shall be subject to correction for error and that the filing dates of the applications for patents which appear upon said copies shall be considered the dates the disclosures shown and described therein were filed in the United States Patent Office and the respective foreign Patent Offices.

Dated: This 9th day of June, 1944.

LYON & LYON

By Frederick S. Lyon

Frederick W. Lyon

Attorneys for Plaintiff

Otto H. Kruger

in person

[Endorsed]: Filed Sep. 7, 1944. [39]

[Title of District Court and Cause.]

MEMORANDUM OPINION.

The patent in suit refers to an identification card and generally speaking Claim 1 is illustrative of all five claims. Claim 1 reads as follows:

"1. In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover, and distinguishing matter made to dissolve by the same solvent and associated with the card and the cover so as to disclose tampering with the card to the extent of reaching the matter by means of such solvent through distortion of the matter by the action of the contacting solvent."

It will be noted that the gist of the patent is the discovery of a solvent that when it dissolves the transparent covering, usually celluloid, also destroys or mutilates the printed matter within. The patent does not give or furnish the means of constructing such an identification card, or the compounds used therein.

The plaintiff contends that the patent is invalid under the provision of R. S. U. S. 4888, under its complaint for declaratory judgment, while the owner of said patent con-

tends that one skilled in the art could follow the teachings of the patent without difficulty.

Defendant and patent owner introduced evidence through its expert, Mr. Horowitz, to the effect that any ink would be substantially affected by the use of a solvent such as acetate that would [40] dissolve the covering. On the other hand, plaintiff contended that only certain inks would be so affected.

If the evidence offered by the patent holder is to be accepted, we have no discovery and therefore no patent, while on the other hand, if plaintiff's testimony is to be accepted by the court, we have a problem stated without the solution. Under either viewpoint the patent is clearly invalid.

In view of the presumption of validity, I am accepting the testimony of the patent holder's expert. The defendant patent holder by attempting to prove his patent complies with R. S. U. S. 4888 has convinced the court that his patent is not the result of inventive genius but at the most required only the work of one skilled in the art. As a matter of fact I feel no discovery was made. The problem, according to the defendant, was the finding of certain inks that would be dissolved or caused to bleed by the same solvent that would dissolve the transparent covering. The solvents for the coverings were well known, and if, as a matter of fact all inks would be substantially affected by such solvents, the problem of discovering the proper ink did not exist.

Plaintiff is entitled to judgment as prayed for and counsel for plaintiff is directed to submit proposed findings and judgment within ten days.

Dated: Los Angeles, California, October 16 1944.

BEN HARRISON

Judge

[Endorsed]: Filed Oct. 16, 1944. [41]

[Title of District Court and Cause.]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Findings of Fact

I.

That plaintiff is a citizen of the State of California and a resident of the City of Los Angeles in said state.

II.

That defendant is a citizen of the State of California and a resident of the City of San Marino, in the County of Los Angeles, State of California.

III.

That this suit was instituted by the plaintiff, Ned Whitehead, as an action for Declaratory Relief under the Declaratory Relief Act, Judicial Code §274d, 28 U. S. C. A. 400, alleging the ownership by the defendant, Otto H. Kruger, of United States [42] Letters Patent No. 2,088,567, and that said defendant had charged plaintiff and his customers of infringement of said Letters Patent, and that this Court declare said Letters Patent invalid and void. Defendant in his answer admitted these allegations.

IV.

That the defendant is the owner with all right, title and interest in United States Letters Patent No. 2,088,567 granted to Otto H. Kruger August 3, 1937 for an "Identification Card".

V.

That plaintiff has been engaged in the manufacture and sale of identification cards.

VI.

That defendant has represented to plaintiff that he is the owner of said Letters Patent and that the manufac-

ture and sale of identification cards by plaintiff constituted an infringement of said Letters Patent.

VII.

That defendant has notified plaintiff's customers that plaintiff's manufacture and sale of said identification cards constituted an infringement of said Letters Patent and that any use of said identification cards by said customers would be an infringement of said Letters Patent.

VIII.

That United States Letters Patent No. 2,088,567 discloses an identification card comprising a sheet of paper with certain printed markings thereon enclosed in a transparent cover, such as cellulose acetate, on which the printing on the card is done in inks that will bleed and disappear when a solvent for the cover is applied thereto. [43]

IX.

That the patent in suit does not give or furnish the means of constructing such an identification card or the compounds used therein.

X.

That all inks would be substantially affected by the use of a solvent for the acetate cover.

XI.

That the patent in suit is not the result of inventive genius but at the most required only the work of one skilled in the art, and no discovery was made by Ballou

XII.

The problem sought to be solved by the patent in suit was the finding of certain inks that would dissolve or cause to bleed by the same solvent that would dissolve the transparent covering. The solvents for the coverings were well known, and as a matter of fact all inks would be substantially affected by said solvents. The problem of discovering the proper ink did not exist.

Conclusions of Law

I.

That this Court has jurisdiction of the subject matter involved herein under the Declaratory Relief Act, Judicial Code §274d, 28 U. S. C. A. 400.

II.

That claims 1, 2, 4 and 5 are invalid as not disclosing inventive genius but at the most required only the work of one skilled in the art. [44]

III.

That defendant's counterclaim should be dismissed for want of equity.

IV.

That plaintiff is entitled to an injunction against the defendant, his agents or representatives, from further representing to the trade, particularly to plaintiff's customers, that the identification card manufactured by plaintiff is an infringement or that any use or trade by said customers is an infringement of said Ballou Patent No. 2,088,567.

Dated at Los Angeles, California, this 15th day of November, 1944.

BEN HARRISON

U. S. District Judge

The foregoing Findings of Fact and Conclusions of Law is approved as to form this 14th day of November, 1944.

LYON & LYON

Frederick S. Lyon

Frederick W. Lyon

Attorneys for Plaintiff, Counter Defendant [45]

[Endorsed]: Filed Nov. 15, 1944. [47]

In the United States District Court
Southern District of California
Central Division

Civil Action No. 3116-B H

NED WHITEHEAD, doing business under the fictitious
name of Whitehead and Company,

Plaintiff, Counter Defendant

vs.

OTTO H. KRUGER,

Defendant, Counter Claimant

FINAL JUDGMENT

This cause came on to be heard at final hearing on the pleadings and proof of all parties, and was briefed and argued by counsel. Thereupon, upon consideration thereof, it is Ordered, Adjudged and Decreed:

(1) That claims 1, 2, 4 and 5 of Ballou Patent No. 2,088,567 are invalid in law.

(2) That a permanent injunction issue against the defendant, his agents and representatives, from further representing to the trade, and particularly to plaintiff's customers, that identification cards manufactured by plaintiff are an infringement of or that any use of said trade or customers is an infringement of said Ballou Patent No. 2,088,567.

(3) That the counterclaim herein be and the same is hereby dismissed. [48]

(4) That the plaintiff have judgment against the defendant, Otto H. Kruger, for his necessary costs and disbursements incurred herein, including the Court Reporter's fees, and the cost of the Court's copy of the

transcript of record, all in the sum of \$86.55 to be taxed
Retaxed 61.55

by the Clerk.

Dated at Los Angeles, California, this 15 day of Nov.,
1944.

BEN HARRISON

U. S. District Judge

The foregoing formal Judgment is approved as to form
this 25th day of October, 1944.

LYON & LYON

Frederick S. Lyon

Frederick W. Lyon

Attorneys for Plaintiff, Counter Defendant

Judgment entered Nov. 15, 1944. Docketed Nov. 15,
1944. Book C. O. #29, page 68. Edmund L. Smith,
Clerk, by Murray E. Wire, Deputy.

[Endorsed]: Filed Nov. 15, 1944. [49]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice Is Hereby Given that Otto H. Kruger, Defendant and Counter-claimant above named, hereby appeals to the Circuit Court of Appeals for the Ninth Circuit from the Final Judgment entered in this action on November 15, 1944.

Dated: February 8, 1945.

HERBERT A. HUEBNER

Herbert A. Huebner

Attorney for Defendant and Counter-Caimant

[Endorsed]: Filed & Mailed copy to Lyon & Lyon,
Frederick S. Lyon, Frederick W. Lyon, Attys. for plf.,
Feb. 9, 1945. [50]

[Title of District Court and Cause.]

NATIONAL
Automobile and Casualty
Insurance Co.
Los Angeles

UNDERTAKING FOR COST ON APPEAL

Whereas, Otto H. Kruger, Defendant, Counter-Claimant in the above entitled action is about to appeal to the Circuit Court of *Appeal* for the Ninth Circuit from a judgment entered in said action on the 15th day of November, 1944, in the District Court of the United States, for the Southern District of California, Central Division.

Now, Therefore, in consideration of the premises and of such appeal the undersigned, National Automobile and Casualty Insurance Co., a corporation organized and existing under and by virtue of the laws of the State of California, as Surety, does hereby undertake and promise on the part of the Appellant that said Appellant will pay all costs if the appeal is dismissed or the judgment affirmed, or such costs as the Appellate Court may award if the judgment is modified, not exceeding Two Hundred Fifty and No/100 (\$250.00) Dollars, to which amount it acknowledges itself bound.

In Witness Whereof, the said National Automobile and Casualty Insurance Co., has caused this obligation to be signed by its duly authorized Attorney-in-Fact at Los

Angeles, California, and its corporate seal to be hereto affixed, this 8th day of February, 1944.

NATIONAL AUTOMOBILE AND
CASUALTY INSURANCE CO.

(Seal)

By: FRED W. WEITZEL

Fred W. Weitzel,

Attorney-in-Fact.

State of California,
County of Los Angeles—ss.

On this 8th day of February, in the year 1945, before me, Ruth E. Harris a Notary Public in and for said County and State, personally appeared Fred W. Weitzel, known to me to be the person whose name is subscribed to the within instrument as the Attorney-in-Fact of the National Automobile and Casualty Insurance Co., and acknowledged to me that he subscribed the name of the National Automobile and Casualty Insurance Co., thereto as principal, and his own name as Attorney-in-Fact.

(Seal)

RUTH E. HARRIS

Notary Public in and for Said County and State

My Commission Expires Sept. 27, 1947.

The Premium charged for this Bond is \$10 per annum.

[Endorsed]: Filed Feb. 9, 1945. [51]

[Title of District Court and Cause.]

STIPULATION AND ORDER FOR RECORDS
AND EXHIBITS ON APPEAL

It Is Hereby Stipulated by and between the attorneys for the respective parties, pursuant to Rule 75 (f) Federal Rules of Civil Procedure, that the record, proceedings and evidence in the record on appeal in the above entitled matter shall include the following:

1. Complaint filed August 27, 1943.
2. Notice and motion under Rule 56 for summary judgment by defendant Ballou filed September 24, 1943.
3. Notice of hearing and motion to drop defendant Ballou or for severance of claim under Rule 21 and to strike matter from plaintiff's complaint; and motion for bill of particulars, all filed September 24, 1943.
4. Minute order of October 25, 1943. [52]
5. Plaintiff's bill of particulars filed April 12, 1944, including the exhibits therein.
6. Order for summary judgment filed April 17, 1944.
7. Answer to complaint and counter-claim filed April 21, 1944.
8. Answer to counter-claim filed April 28, 1944.
9. Stipulation concerning the admissibility of certain evidence filed September 7, 1944.
10. Defendant's interrogatories filed August 24, 1944, including exhibits attached thereto.
11. Answer to interrogatories filed August 7, 1944, including exhibits attached thereto.
12. Memorandum opinion dated October 16, 1944.

13. Findings of fact and conclusions of law signed and filed November 15, 1944.
14. Final judgment filed November 15, 1944.
15. Notice of appeal.
16. Cost Bond on appeal.
17. The entire Reporter's Transcript of Testimony and Proceedings on Trial.
18. This Stipulation and Order.

It Is Further Stipulated, subject to the approval of the Court, that no duplicate or copy of the Reporter's Transcript of Testimony and Proceedings on Trial need be filed but the Clerk of the District Court is authorized to transmit to the Appellate Court the original Reporter's Transcript of Testimony and Proceedings on Trial now filed with the Clerk of the above named District Court for the purpose of printing from the same. [53]

It Is Further Stipulated, subject to the approval of the Court, that the Clerk of said District Court be, and he is hereby, authorized to transmit to the Appellate Court the following physical and documentary exhibits without duplication, in their original form as now on file:

Plaintiff's Exhibits:

- (1) Certified photostatic copy of file wrapper and contents of United States Letters Patent No. 2,088,567.
- (2) Copy of Letters Patent No. 1,071, 226.
- (3) Copy of Letters Patent No. 953,081.
- (4) Copy of Letters Patent No. 1,390,959.
- (5) Copy of Letters Patent No. 894,664.
- (6) Copy of Letters Patent No. 2,079,641.

(7) Certified photostatic copy of petition, specification, oath, and drawings, etc., of Letters Patent No. 2,079,641.

(8) Exhibits 9-A to 9-H, inclusive.

Defendant's Exhibits:

(A) Certified copy of Letters Patent No. 2,088,567.

(B) Certified photostatic copy of decision of the Board of Appeals dated 7/1/36 respecting Letters Patent No. 2,088,567.

(C) Identification card of defendant.

(D) Defendant's interrogatories.

(E) Plaintiff's answers to defendant's interrogatories.

(F) Identification badge of Keyser Company, Inc. (manufactured by plaintiff). [54]

(G) Identification card of Basic Magnesium, Inc. (manufactured by plaintiff).

Dated the 1st day of March, 1945.

LYON & LYON

Frederick W. Lyon

Attorneys for Plaintiff

HERBERT A. HUEBNER

Herbert A. Huebner

Attorney for Defendant, Counter-Claimant.

Good cause appearing, the foregoing Stipulation is hereby approved and it is so ordered.

BEN HARRISON,

Judge.

[Endorsed]: Filed Mar. 12, 1945. [55]

[Title of District Court and Cause.]

APPELLANT'S STATEMENT OF POINTS
UNDER RULE 75 (d)

I.

The District Court erred in holding in its Memorandum Opinion dated October 16, 1944 (page 2, lines 13 to 16) that the problem was the finding of certain inks that would be dissolved or caused to bleed by the same solvent that would dissolve the transparent covering.

II.

The District Court erred in holding in its Memorandum Opinion dated October 16, 1944 (page 1, lines 21 to 23) that the gist of the patent is the discovery of a solvent that, when it dissolves the transparent covering, usually celluloid, also destroys or mutilates the printed matter within.

III.

The District Court erred in holding in its Memorandum [56] Opinion dated October 16, 1944 (page 1, lines 30 to 32 and page 2, line 1) that the witness Horowitz testified that any ink would be substantially affected by the use of a solvent, such as acetate, that would dissolve the covering.

IV.

The District Court erred in holding in its Memorandum Opinion dated October 16, 1944 (page 2, lines 3 to 7) that under either the patent holder's or the plaintiff's evidence the patent is clearly invalid.

V.

The District Court erred in its finding of fact number VIII that the United States Letters Patent No. 2,088,-567 discloses an identification card comprising a sheet of paper with certain printed markings thereon enclosed in a transparent cover, such as cellulose acetate, on which the printing on the card is done in ink that will bleed and disappear when a solvent for the cover is applied thereto.

VI.

The District Court erred in its findings of fact number IX that the patent in suit does not give or furnish the means of constructing such an identification card or the compound used therein.

VII.

The District Court erred in its finding of fact number X that all inks would be substantially affected by the use of a solvent for the acetate cover.

VIII.

The District Court erred in its finding of fact number XI that the patent in suit is not the result of inventive genius but at most required only the work of one skilled in the art, and no discovery was made by Ballou. [57]

IX.

The District Court erred in its finding of fact number XII that all inks would be substantially affected by the solvents for the coverings.

X.

The District Court erred in its conclusion of law number II that claims of patent No. 2,088,567 numbered 1, 2, 4, and 5 are invalid.

XI.

The District Court erred in not adjudging that the patent in suit is valid when infringed by the identification card manufactured by plaintiff's customers from materials furnished to them by the plaintiff.

XII.

The District Court erred in its conclusion of law number III that defendant's counter-claim should be dismissed for want of equity.

XIII.

The District Court erred in granting an injunction to the plaintiff.

XIV.

The District Court erred in that its judgment in favor of plaintiff was contrary to the weight of the evidence.

XV.

The District Court erred in failing to give judgment for the defendant because the plaintiff failed to sustain his burden of proof.

Dated March 8, 1945.

HERBERT A. HUEBNER

Herbert A. Huebner

Attorney for Defendant and Counter-Claimant.

[Endorsed]: Filed Mar. 17, 1945. [58]

[Title of District Court and Cause.]

CERTIFICATE OF CLERK.

I, Edmund L. Smith, Clerk of the District Court of the United States for the Southern District of California, do hereby certify that the foregoing pages numbered from 1 to 58 inclusive contain full, true and complete copies of Complaint; Notice and Motion Under Rule 56 for Summary Judgment by Defendant John McK. Ballou; Notice of Hearing; Motion to Drop Defendant Kruger or for (1) Severance of Claim Under Rule 21, and (2) To Strike Matter from the Plaintiff's Complaint; Motion of Defendant Kruger for Order Compelling Plaintiff to File a More Definite Statement or Bill of Particulars; Plaintiff's Bill of Particulars; Minute Order Entered October 25, 1943; Order for Summary Judgment; Answer to Complaint with Counter-Claim; Answer to Counterclaim; Stipulation; Memorandum Opinion; Findings of Fact and Conclusions of Law; Final Judgment; Notice of Appeal; Undertaking for Costs on Appeal; Stipulation and Order for Records and Exhibits on Appeal and Statement of Points on Appeal, which, together with Original Reporter's Transcript and Original Exhibits, transmitted herewith, constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing, comparing, correcting and certifying the foregoing record amount to \$8.95 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this 17th day of March, 1945.

EDMUND L. SMITH,
Clerk

(Seal)

By Theodore Hocke,
Chief Deputy Clerk.

[Title of District Court and Cause.]

REPORTER'S TRANSCRIPT OF
TESTIMONY AND PROCEEDINGS ON TRIAL.

Los Angeles, California, Thursday, September 7, 1944;
10 A. M.

The Clerk: Ned Whitehead, doing business under the fictitious name of Whitehead & Company, vs. Otto H. Kruger.

Mr. Frederick W. Lyon: Ready for plaintiff.

Mr. Franklin: Ready for defendant.

The Court: Proceed.

Mr. Frederick S. Lyon: This suit was originally brought under the declaratory judgment statute, your Honor, and the defendant counterclaimed on the patent, for infringement. If we proceed first, we anticipate that we are probably faced with the proposition of putting in more testimony than would otherwise be required, and I wonder if the court would want the patentee to proceed in the same manner as though the suit was on the counterclaim.

The Court: What is the position of the defendant in this case?

Mr. Franklin: Well, I don't think we have any particular objection to that, but the notices have been sent and the—

The Court: Are you willing to proceed with your evidence first?

Mr. Franklin: I am willing to do so. That is discretionary with the court.

The Court: I realize that that is discretionary with the court, but the court will not require you to do so unless you [2*] are willing to do so. The plaintiff is the moving party in this case, and the burden of proof is on him on his cause of action, and I will require him to proceed first, unless you feel that it would simplify matters to proceed the other way. I notice in the pre-trial statement that the defendant filed in his own behalf he tenders that procedure. Now that he is going to be represented by counsel I am not going to require it.

Mr. Franklin: I believe it would simplify the case.

The Court: That will be the order, then.

Mr. Franklin: The patent in suit, No. 2,088,567, relates to an identification card, which has become useful and has received the endorsement of the—

The Court: I am familiar with the general type of the patent. I have read the pre-trial statement and I have read the patent, so that I know the general nature of the patent.

Mr. Franklin: Well, I think it might be well to state some of the important features of the invention.

The Court: Proceed. Is it true that the important feature of this patent is the fact that the casing and the ink on the card are subject to being taken care of by the same procedure?

Mr. Franklin: That is correct. Of course, the card itself is an identification card, and that is an important feature of the invention. An ordinary picture or some other kind of card is put in there that does not come within the [3] scope of the claims or the spirit of the invention. The idea or inventive concept is the identification card, which cannot be tampered with, without being defaced or mutilated, so that it will become defective.

And, as I understand these identification cards, one might get hold of one of these cards and remove the photograph or change the reading matter on it, and get into a plant and dynamite it, and the idea is to have an identification card that will prevent that, to a large extent.

As far as the prior art is concerned, that novel concept has not been shown in the prior art, and this is the first device that will accomplish that particular result. For that reason the invention is novel and patentable and a very useful invention.

The ink that is on the card is an ink that will run or bleed when a solvent is applied to the cover. It dissolves in solvents, and the ink bleeds and runs and defaces the card, so that it can be readily detected. Of course, it does not have to completely deface or destroy the card, but it substantially defaces the card, so that it may be detected, and that answers the purpose of the invention. The detection of the alteration of one of these identification cards is the principal feature of the invention which we claim was new and useful.

I notice that the answer to the counterclaim sets up a rather novel defense, that the specifications and claims do [4] not describe the invention with sufficient particularity to enable others skilled in the art to produce the invention. One significant fact of the case is that the counter-defendant has had no trouble in producing it himself. That is set up in a case that went to the Circuit Court of Appeals, where an irrigation system—where an irrigation pipe which was connected to a valve, that that valve had always before that been connected by bolts, but this invention had the end of the pipe go in a flange on the valve gate, and there was space between the pipe and the flange, and they cemented it on, and the cement

held it on and kept the pressure from below off the gate. The validity of that patent was attacked on the ground that it didn't describe the use of cement, and the Circuit Court of Appeals in this Circuit, in *Snow v. Kellar-Thomason Co.*, 241 Fed. 119—

The Court: Mr. Franklin, let us not argue the case at this time. I would like to get the evidence in here, and the facts before the court, and then I will let you do the arguing.

Mr. Franklin: I just wanted to cite that case, and we are prepared to cite a number of cases on chemical patents later. Now, we have our expert to testify—

The Court: Is the patent introduced in evidence yet?

Mr. Franklin: Not yet, your Honor. From the description, it involves merely elementary chemistry, and any ink maker, with this description calling for a solvent and an ink [5] which would bleed when subjected to a solvent which would dissolve the color, that any ink maker could produce an ink that would answer that specification. There are solvents that are known to the art—and we can cite some of the patents to show that—that will do that very thing, that will dissolve both the plastic and the ink.

There is one feature of this case, that the parties were negotiating for the sale of the patent, and—

The Court: I have read the defendant's pre-trial statement in this matter, and I know generally what the patent is about and what the owner of this patent claims, and I want to hear the evidence.

Mr. Franklin: Very well. I just came into the case, your Honor, and—

The Court: But you have been in it some time. And I have had an opportunity of reading the defendant's statement that he filed with the court, giving the history of his negotiations with the defendant, and, all of a sudden, the breaking off of the negotiations and the commencement of this action.

Mr. Franklin: I didn't see that in the brief of the other party.

The Court: It was called to my attention some place. I have read so many papers in this case that I think I know the general picture, and I am interested in the evidence on which I am going to have to rule. I will listen to argument [6] after the evidence is in.

Mr. Franklin: Of course, this is a preliminary statement, to familiarize the court with the case.

The Court: I think I know what the case is all about, Mr. Franklin. I don't know what the facts are, though.

Mr. Franklin: Yes. I wanted to state in a general way what we intend to prove.

The Court: May I ask if the plaintiff denies infringement in the defense of validity of the patent?

Mr. Frederick S. Lyon: That depends, your Honor, on the construction of the claims. If the claims are broadly construed, without limitation in the very generalities in which they are expressed, we do not deny infringement of claim 1. There are certain other things in other

claims that we do not do, and I wanted to specifically make the answer useful to the court. As you know, in many cases it depends upon the interpretation of the claims first, before you can answer that question, but if the first claim in the patent is broadly construed, then we do not deny infringement.

The Court: Under a narrow interpretation, you do deny it?

Mr. Frederick S. Lyon: Yes.

Mr. Franklin: Is there any denial of the infringement of other claims?

The Court: He says he does deny the infringement of other claims. Claim 1 is the only one as to which he has made any admission, if broadly interpreted. [7]

Mr. Franklin: Well, I don't see any denial of infringement of any of the other claims in there.

The Court: We have spent twenty minutes now and I haven't heard any evidence yet.

Mr. Frederick S. Lyon: It is not our intention to put in any extended evidence on the question of non-infringement. We will probably submit the case solely on the evidence.

Mr. Franklin: In the deposition that was taken before I got into the case, Mr. Kruger was asked what claims he would rely on, and he said he would rely on claims 1; 3, 4 and 5. All those claims are in issue.

I will offer in evidence a certified copy of the patent in suit.

The Clerk: That will be Defendant's Exhibit A.

[DEFENDANT'S EXHIBIT A]

DEPARTMENT OF COMMERCE

United States Patent Office

To all persons to whom these presents shall come,
Greeting:

This Is To Certify that the annexed is a true copy from
the records of this office of the Printed Specification and
Drawing, in the matter of the

Letters Patent of

John McK. Ballou, assignor to

O. H. Kruger,

Number 2,088,567,

Granted August 3, 1937,

for

Improvement in Identification Cards.

In Testimony Whereof I have hereunto set my hand
and caused the seal of the Patent Office to be affixed at
the City of Washington, this twenty-eighth day of
August, in the year of our Lord one thousand nine hun-
dred and forty-four and of the Independence of the
United States of America the one hundred and sixty-ninth.

[Seal]

Conway P. Coe

Commissioner of Patents.

Attest:

Harry C. Spillman

Chief of Division.

Aug. 3, 1937.

J. MCK. BALLOU

2,088,56

IDENTIFICATION CARD

Filed Oct. 22, 1934

FIG. 1.

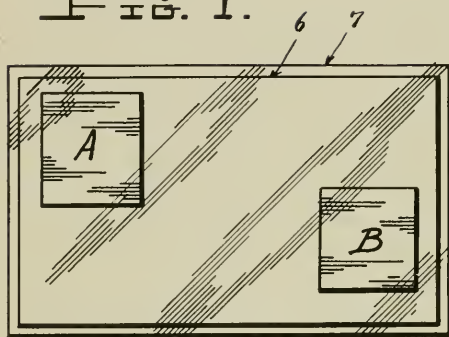


FIG. 2.

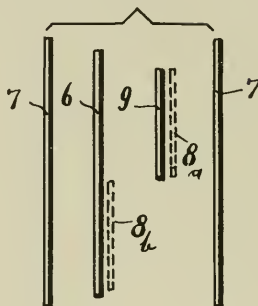


FIG. 3.

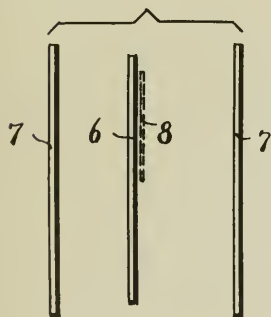


FIG. 4.

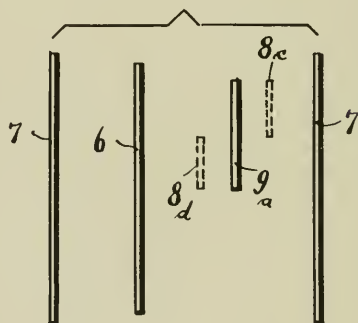
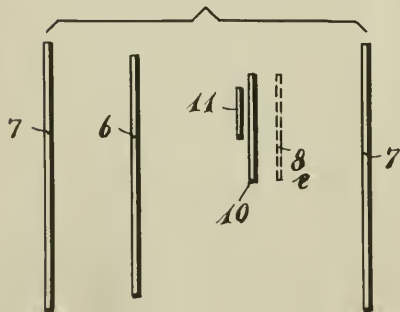


FIG. 5.



INVENTOR:

JOHN MCK. BALLOU,

Patented Aug. 3, 1937

2,088,567

UNITED STATES PATENT OFFICE

2,088,567

IDENTIFICATION CARD

John McK. Ballon, Los Angeles, Calif., assignor
to O. H. Kruger, Los Angeles, Calif.

Application October 22, 1934, Serial No. 749,470

5 Claims. (Cl. 40—2.2)

This invention relates to devices used by an individual person for the sake of identification before, or to, or with another person.

One of the objects of this invention is to provide an identification in a card that is destructible by anything by which the card may be destroyed.

Another object is to provide means by which a destructible identification can be kept from transferring to or from being copied upon the surface of a background while the identification is being destroyed.

Another object is to provide means by which an easily distinguishable mark is left upon any background when the identification is destroyed upon such background.

Another object is to provide means whereby the identification will at least appear in a distorted manner upon any background upon which the identification has been destroyed.

Other objects will appear from the following description and appended claims as well as from the accompanying drawing, in which—

Fig. 1 is a front elevation, roughly outlining an identification card of the type of this invention.

Fig. 2 is an illustration showing the different members of the card in a separated condition in edgewise.

Fig. 3 is a similar illustration of a slightly modified form.

Fig. 4 is another similar illustration of a furthermore slightly modified form.

Fig. 5 is a similar illustration of a still further slightly modified form.

In order that an identification may be considered positive and reliable, it must contain something that is original and distinctive with or by the holder, securely arranged so that it cannot be altered by anyone for any misrepresentation.

A positive and reliable identification should furthermore be in a form to be quickly and readily recognized as such.

With the above in view, the identification card proper 6 is disposed under a transparent cover 7.

The cover is preferably made of a material, such as celluloid, that can be dissolved in certain solvents, and any identification matter on or in the card is preferably made or constituted of matter, such as ink or coloring, that will also dissolve by means of the same solvent, so that an application of such a solvent will result in a destruction of the identification on a removal of the cover by the solvent.

Of course, different transparent materials may be used other than of celluloid, and such different materials may be dissolvable by different solvents, but the point is that the identification matter will always be made of a medium dissolvable by the same solvent by which the cover can be dissolved, so that no identification matter will be left on any attempt of dissolving the cover for the sake of obtaining the identification for misrepresentation or alteration.

In Fig. 3, for instance, 8 designates certain identification matter applied to the card 6, to be covered by the members 7. Making the matter at 8 of a material that will be dissolved by the same solvent that can dissolve the cover 7 leaves nothing on or in the card 6 that could be used over again by a forger.

Such matter may be varied according to requirements in particular cases, or tastes of users, or different conditions that cannot all be recited here but that will readily be realized from the teachings in this application. The matter 8, for instance, may be in form of a trade-mark, readily distinguished, or made according to certain laws that may be provided for such purposes, or the matter 8 may be in form of a photograph, or a signature, but any such matter is specially produced, developed, arranged, or otherwise made to appear in the card proper by such means, ink or other matter or medium, that will dissolve by the same solvent that does dissolve the transparent cover, regardless of the type of cover used, with respect of the particular material in the cover.

Having such matter firmly and securely held with respect to the encased card under such cover, prevents the use of such matter for the purpose of any forgery, inasmuch as the matter cannot very well be used while under such cover for making any new duplicate for a cut to be used for re-prints, and the sealing under the cover is produced so that the card with the matter cannot possibly be removed from the cover for forgeries in any other manner.

It must be understood that the cover is firmly secured to the card by any suitable known process, whereby a removal of the cover will cause the mutilation or marring of the face of the enclosed card or of the matter on the card so that such matter can never be obtained in any shape or form perfect enough for any unauthorized use or forgery.

In Fig. 1, A and B designate places where such matter may be arranged in form of a picture, trade-mark, or in other distinguishing controlling

matter, in a form dissolvable with and by the same solvent that will dissolve the cover.

The modified form illustrated in Fig. 2 serves merely to make the distinguishing controlling matter more secure against forgery, and more secure against any attempt for removal from the enclosing covers. The matter 8a in this form is mounted or provided on a special sheet 9. This sheet is either firmly secured to the face of the card proper 6 or may just as well be merely inserted between the encased card 6 and the corresponding cover 7.

The sheet 9, however, is preferably made of a material that will not at all or at least not readily dissolve by the solvent that may dissolve the cover.

This feature has the advantage that the distinguishing controlling matter, or identification, during the dissolving of the cover will not trace itself upon the face of the card proper; while, with no such sheet, someone might be able to develop a system or process to trace or reproduce the matter 8 upon the face of the card proper during or on dissolving the cover.

The matter 8b, also indicated in Fig. 2, may, regardless, designate some identification matter directly on the card, but, of course, also of a type that will dissolve together with the cover.

The above should not mean that no common printing matter could or should be used in or with the present identification card, or with the specially produced distinguishing controlling matter that will dissolve with the dissolving of the cover, but such common printing matter, again, is protected against forgery by the non-forgeable co-operating distinguishing controlling matter.

In Fig. 4 is another slightly modified form, in which half of the matter is provided on one side of the sheet 9a, as indicated at 8c, and the other half of the matter is provided on the opposite side as indicated at 8d.

The sheet in this case must, of course, be of transparent form, such as Cellophane, nevertheless, a dissolving of the cover will result in a distortion of the matter no matter where it may be left or traced. However, while in proper form, the transparency of the Cellophane, if such is used, will allow a proper appearance of the complete matter through or under the intact cover.

A still further modified form illustrated in Fig. 5 provides a blot of black or dark form, made of a material that will partly dissolve by the solvent that can dissolve the cover, to such an extent that the blot will expand or appear blurred sufficiently to extend beyond the edges of the sheet 10, the blotting material being indicated at 11, while the matter 8a may appear in the usual manner on the front face of the sheet 10, this sheet 10, of course, to be of a material dissolvable by the solvent.

From the above it must be understood that the main principle involved is to provide an easily distinguishable appearance with distinct and clear-cut outlines when and while in undisturbed form and condition, which, however, will result in just as readily distinguishable appearance of an unclear blurred outline, or distorted, when tampered with, the whole identification with distinguishing controlling matter being encased whereby a forging is made practically impossible.

In case that the matter is made in form of a photograph, it must be understood that the

photograph is produced on a film of material that will be dissolved with the solvent that can dissolve the cover. Assuming, for instance, 8a in Fig. 2 to represent a photograph, such a photograph will become dissolved with the cover as soon as the solvent reaches it. The sheet 9, in this case, prevents a tracing, above referred to, that by a suitable process might be attempted to be made from the matter at 8a to the card proper 6 while dissolving the cover. A tracing of this sort might be attempted for the sake of getting a distinguishing controlling matter on the card in case where a forger intends to substitute his own photograph to appear with such traced distinguishing controlling matter as if originally produced together, and therefore as a genuine and proper identification, which, however it would not be.

The material of the sheet 9, 9a, on the other hand is meant to be of a type to be insoluble or impervious to the solvent that will affect the cover, the material of such sheet to be such as aluminum, Cellophane, metal foil, or any other similar suitable base, depending on the material of the cover, the material of the sheet not to be dissolved by any solvent that will dissolve the particular cover used in different cases.

The blot 11, also, may be of a certain solid or semi-solid form, normally disposed loosely or firmly secured between the other members of the completed identification card; and, of course, this blotting, blurring, and distorting material 11 may as well be directly under a photograph-film without any impervious sheet 9. It should furthermore be understood that the matter 8b serves as a distorting medium with respect to the distinguishing controlling matter 8a, so that a dissolving of the controlling matter or of any photograph or other identifying matter of the holder of a card of this sort will be clearly indicated by a distortion of matter at 8b, naturally surrounding such other matter or being near enough to be acted upon by any solvent that might be used on such identifying matter.

It should then be understood that the different and several members or details of such an arrangement are placed one on top of the other prior to being adhesively pressed into the cover, and, while so placed, preparatory to being adhesively pressed into the cover, may be treated with adhesive matter individually to adhere to one another or the different parts or members or details may just be held in place within the adhesively united cover without being individually glued together in any way or manner. From the above it should be understood that the extremely distinct separations of the materials are illustrated of discernible thicknesses only as a matter of complying with the requirements of the patent laws, and that, in fact, such separations do not exist in all cases so clearly discernibly, as, for instance, in case of mere ink or similar matter, such as a trade-mark, as clearly and more fully set forth hereinbefore, in which case the matter 8a may very well be the sensitized surface of a film, which may be represented by or in the sheet 10, which, in such a case, or under certain requirements, may again be extremely thin so that the blot-material will be reached readily and quickly after any attack by a solvent upon the matter 8a.

Having thus described my invention, I claim:—
1. In an identification card, a cover that may be dissolved by a certain solvent, a card proper

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3

disposed under the cover, and distinguishing matter made to dissolve by the same solvent and associated with the card and the cover so as to disclose tampering with the card to the extent of reaching the matter by means of such solvent through distortion of the matter by the action of the contacting solvent.

2. In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover and adhering thereto, distinguishing matter on the card made of a medium dissolvable by the same solvent by which the cover may be dissolved, and means disposed to produce a distorted appearance of a portion of the card upon being reached by the solvent.

3. In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover and adhering thereto, distinguishing matter on the card made of a medium dissolvable by the same solvent by which the cover may be dissolved, and means normally cov-

ered by the matter and arranged to produce a distorted appearance under the cover upon being reached by the solvent.

4. In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover, distinguishing matter under the cover and appearing on the face of the card when the card is incased, the matter being made of a medium also dissolvable by the same solvent by which the cover may be dissolved, and means associated with the matter to produce a distorted appearance upon being reached by the solvent.

5. In an identification card, a cover made to dissolve by a certain solvent, a card proper disposed under the cover, distinguishing matter under the cover and made to dissolve by the same solvent, and means to disclose any tampering with the card to the extent of reaching the matter by means of such solvent.

JOHN McK. BALLOU.

No. 3116-BH-Civ Whitehead vs. Kruger Defts Exhibit A Filed Sep 7 - 1944 Edmund L. Smith, Clerk, by MEW, Deputy Clerk.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien, Clerk.

Mr. Franklin: There was a stipulation that printed copies may be offered in evidence in lieu of certified copies.

The Court: Well, it is in. Proceed.

Mr. Franklin: Yes. I will offer in evidence a certified copy of the assignment of the patent from the patentee, John McK. Ballou, to the defendant.

The Court: Any objection, counsel?

Mr. Frederick S. Lyon: The patent was issued to Mr. Kruger, and this is immaterial.

The Court: You recognize Mr. Kruger as the owner of the patent?

Mr. Frederick S. Lyon: There is no issue of ownership by [8] the defendant of the patent.

The Court: And no occasion to introduce it in evidence?

Mr. Frederick S. Lyon: No.

Mr. Franklin: Very well. During the prosecution of the application for the patent in suit there was a rejection of claim 1. Is that claim 1?

The Court: I have read the file in the Patent Office. It hasn't been introduced in evidence, but it was furnished to me for my previous study.

Mr. Franklin: I haven't got a copy of it.

The Court: Have you any objection to this?

Mr. Frederick W. Lyon: If your Honor please, we would put that in as a defendant's exhibit.

The Court: This will be introduced as plaintiff's exhibit.

Mr. Frederick S. Lyon: The patent is in as a defendant's exhibit.

The Court: Yes.

The Clerk: This will be Plaintiff's Exhibit 1.

Mr. Franklin: There is no file wrapper containing the statement of the court of appeals, and one of the claims was rejected and appealed.

Mr. Frederick S. Lyon: That was in the proceedings in the Patent Office up to and including the issuance.

Mr. Franklin: I don't want to take the time to look for that now, but I have a certified copy of the decision of the [9] Board of Appeals.

The Court: Well, to save time, introduce it as defendant's exhibit next in order.

The Clerk: Exhibit B.

[DEFENDANT'S EXHIBIT B]
DEPARTMENT OF COMMERCE
United States Patent Office

To all persons to whom these presents shall come,
Greeting:

This Is to Certify that the annexed is a true copy from
the records of this office of the Decision of the Board of
Appeals, dated July 1, 1936, being Paper 18, in the
matter of the

Letters Patent of
John McK. Ballou, assignor to
O. H. Kruger,

Number 2,088,567, Granted August 3, 1937,
for
Improvement in Identification Cards.

In Testimony Whereof I have hereunto set my hand
and caused the seal of the Patent Office to be affixed at
the City of Washington, this ninth day of August, in
the year of our Lord one thousand nine hundred and
forty-four and of the Independence of the United States
of America the one hundred and sixty-ninth.

Conway P. Coe
Commissioner of Patents.

Attest:

D. E. Wilson
Chief of Division.

Appeal No. 17,081 Paper No. 18

Decision

[Stamped]: U. S. Patent Office Board of Appeals
Jul - 1 1936 Mailed

Appeal No. 17,081

VFM

IN THE UNITED STATES PATENT OFFICE

BEFORE THE BOARD OF APPEALS

Ex parte John McK. Ballou

Application for Patent filed October 22, 1934, Serial
No. 749,470. Identification Card.

Mr. Otto H. Kruger for applicant.

This is an appeal from the final rejection of claims
6 and 7.

Claim 6 is illustrative.

6. In an identification card, a cover made to dissolve by a certain solvent, a card proper disposed under the cover, distinguishing matter under the cover and made to dissolve by the same solvent, the cover being made to adhere to the card proper and the matter, and means to disclose tampering with the card to the extent of reaching the matter under such cover.

The references relied upon are as follows:

Bensinger	383,272	May 22, 1888
Goodsell et al	1,071,226	Aug. 26, 1913
Done	1,602,396	Oct. 12, 1926
Reese	1,627,407	May 3, 1927

The invention includes the combination of a soluble cover for an identification card which carries a soluble distinguishing character, the parts being connected by an adhesive and means being provided to disclose tampering with the card by means of a solvent which would be used

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17,081 — — — — — 2

to remove the cover. The allowed claims cover this invention.

Claim 6, however, is broad enough to cover any means to disclose tampering with the card, it being immaterial according to the claim whether a solvent is used in such tampering. Inasmuch as applicant discloses no means to show such tampering when a solvent is not used, it is believed that the rejection of claim 6 is correct.

Claim 7 relates to an art entirely distinct from any of the references cited against it. Some of these references show the solubility of the ink and film in a common solvent but for an entirely different purpose and the adoption of this idea in the Goodsell et al structure would have no object at all especially since Goodsell makes no mention of the desirability of accomplishing the transfer of the ink to the film for any purpose and certainly not for the purpose stated in claim 7, which is deemed allowable over the references.

The decision of the examiner is affirmed as to claim 6, but is reversed as to claim 7.

Eugene Landers)	
Examiner-in-Chief)	
C. S. Shaffer)	Board
Examiner-in-Chief)	of
)	Appeals
F. G. Porter)	
Examiner-in-Chief)	

July 1, 1936

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No. 3116-BH Civ Whitehead vs. Kruger Defts Exhibit B Filed Sep 7 - -1944. Edmund L. Smith, Clerk, by MEW, Deputy Clerk.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien, Clerk.

The Court: I have a recollection of reading it some place. It has been a couple of months ago since I read it, and I will have to refresh my memory.

Mr. Franklin: Will you take the stand, Mr. Kruger?
[10]

OTTO H. KRUGER,

called as a witness in behalf of defendant and counter-claimant, being first duly sworn, testified as follows:

The Clerk: State your name, please.

A. Otto H. Kruger.

Direct Examination.

Q. By Mr. Franklin: Are you the plaintiff in this case, Mr. Kruger?

(Testimony of Otto H. Kruger)

Mr. Frederick S. Lyon: No; he is the defendant.

The Court: He is defendant.

The Witness: I am the defendant.

Q. By Mr. Franklin: Will you state your education and background in engineering matters, particularly in the art to which the patent relates?

A. I was graduated in Germany in college, University and engineering college, with the degree of Engineer. After that I held very responsible positions of management in large manufacturers' factories in Germany. As such engineer I manufactured all sorts of machinery for the rubber industry, which is a very similar art as paper manufacturer, in that I knew all of the machinery, apparatus and all that sort of thing that is necessary for it. In that way I was acquainted with paper making as well, and that part of the invention, as far as paper is concerned, or cards, is familiar for that reason; it is very familiar to me. As engineer, I also know chemistry enough that I know where to apply what, and I knew [11] when the inventor came to me what it was all about. I let him merely make a card, with the full understanding of what he presented to me and what I had to prepare.

Q. Are you a citizen of the United States?

A. Yes, sir. I have been in this country for 33 years, and I have been a citizen for 25 years.

Q. Are you a solicitor of patents?

A. Yes; I was registered in the Patent Office about 1920. I have been doing patent work—going back to my experience in Germany, as engineer I very often had occasion to prepare papers over there. Very commonly an

(Testimony of Otto H. Kruger)

engineer prepares the papers. And for that reason I was very much acquainted with patent procedure, and from doing similar work later on here I was very much acquainted with that, so, for that reason, when he applied for a decision, it wasn't very difficult for me to give that. And moreover, as far as the art is concerned in relation to patent registration, in Germany it is customary that a patent will be put open to the public for six months, when a patent has been considered that it may be old prior to the issue and prior to the allowance, and in that way any party can go in the Patent Office and learn a lot and see a lot, and thereby I saw almost any art, or saw anything with reference to paper or anything of that nature. I am not an expert, I would not say, but I have informed myself well in the art.

Q. Have you had any experience in plastics and the [12] plastic industry?

A. Plastics is a very new art, and I wouldn't say experience, I wouldn't call it experience. I know enough—I have read several books on plastics and have really kept up to date in that art.

Q. Can you read mechanical drawings?

A. Of course, as engineer and manager of engineering services, so that I can check anybody else or any other engineer or draftsman.

Q. Did you prepare the specifications and claims of the patent in suit with Mr. Ballou? A. Yes, sir.

Q. And have you recently read over the patent and familiarized yourself with it?

A. Yes; I think I know the patent rather closely. I think I can say that.

(Testimony of Otto H. Kruger)

Q. Do you have a copy of the patent there with you? A. Yes.

Q. Will you state briefly the nature of the invention and the patent, as to what the patent covers?

Mr. Frederick S. Lyon: We object to that, your Honor, as incompetent. In this case the patent speaks for itself and states what it is.

The Court: I think the objection is good. The patent speaks for itself, counsel.

Mr. Franklin: That is true, your Honor, but patents are [13] rather technical, and it is a rather technical invention, and this is an expert witness, and I only wanted to give a brief interpretation of the patent, which I thought would help the court to understand the patent thoroughly.

The Court: I don't know whether I understand it thoroughly. I never examined a patent yet when I felt that perhaps I understood it thoroughly, and my experience has been that counsel is generally in the same position.

Mr. Franklin: Well, I thought possibly a little enlightenment from the man who prepared the patent might help the court and all concerned. I didn't intend to go into it very extensively.

The Court: The patent has to stand on what you have claimed in here, and not what he understood when he drew it. He is bound by his own claim, as far as that is concerned. Claim 1 says:

"In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover, and distinguishing matter made to dissolve by the same solvent and associated with the card and the

(Testimony of Otto H. Kruger)

cover so as to disclose tampering with the card to the extent of reaching the matter by means of such solvent through distortion of the matter by the action of the contacting solvent."

I have read the deposition of the patentee, and as to his experiments with various kinds of ink, and, if I remember correctly, he says he first worked out his own kind [14] of ink, and then found out that there was ink on the market that he could buy that was just as good as that he himself made for the purpose of this patent.

Mr. Franklin: Very well.

Q. Have you any of the Western Lithograph cards there? A. I don't know.

Q. Will you step down here and get them for me?

A. Yes.

Q. I will hand you an identification card and ask you if you will state to the court what that is.

Mr. Frederick W. Lyon: May I see that first?

Mr. Franklin: Yes. Here is one of the cards.

Q. By Mr. Franklin: I notice that one end of that card has been removed. Do you know anything about that?

A. Well, that has been done to show that when it is removed the card underneath or between those two covers will be distorted. They have done that for their own purpose, so that when they try to get orders for their cards they can show really the form of it, the form of the card.

Q. Do you know how that was removed?

A. They perhaps used acetone, since it is easier with that than with any of the other solvents. I am not sure—

(Testimony of Otto H. Kruger)

maybe. The turning is of a distinctly lighter shade, and if a man would want to take out part of it he would always have that there that he could never overcome.

Mr. Frederick W. Lyon: If I might interrupt and point [15] out to you that on any of these, on that flashing in there, it shows that along the edge. If you handed a card like that, with that mark on there, to the man at the gate, he would see it right away. It stands out.

Mr. Franklin: What mark are you referring to?

Mr. Frederick W. Lyon: The light blue, where the acetone has been applied.

The Court: What is this Western Lithograph Company?

A. That is my licensee, your Honor, for over two years.

Mr. Franklin: If you will look at the back of this other card, you will see that the number of the patent is there, and the card is manufactured under the patent in suit.

Q. By Mr. Franklin: With that part removed, if you take hold of that card can you pull it out?

A. No, sir.

Q. Is that an important feature of the invention?

A. Of course, that is an important feature, but the distorting feature is the most important.

Q. Is it important that the card be held tightly in between these two sheets of transparent—

A. Yes, it is of importance chiefly because other previously made attempts can be prevented, because it is not really, or it is practically impossible to remove the copper, and any other way one could always make a distortion, but previously there was always still that one

(Testimony of Otto H. Kruger)

feature, that a man could dissolve cards, where such things had not been done, [16] and where an identification was not compounded to have a co-acting feature in itself.

Q. Of course, if that card could be removed in any way, that would defeat the purpose of the invention, would it not?

The Court: Is there anything in the claim that covers that feature, Mr. Franklin?

The Witness: Yes, your Honor.

The Court: No. I am asking counsel. Now, taking claim 1: "In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover, and distinguishing matter made to dissolve by the same solvent and associated with the card and the cover so as to disclose tampering with the card to the extent of reaching the matter by means of such solvent through distortion of the matter by the action of the contacting solvent."

As I understand it, claims 1, 3 and 5 are the ones that are in dispute here.

The Witness: 1, 2, 4 and 5.

Mr. Franklin: No. 3 is out.

The Court: But where is there anything in these claims that provides for that—putting heat or pressure or something else with the card to make it almost one substance?

Mr. Franklin: That is in claim 2. Claim 2 states: "In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover [17] and adhering thereto."

(Testimony of Otto H. Kruger)

Q. By Mr. Franklin: Will you state how the card is put between those two transparent glasses?

The Court: By heat and pressure, isn't it?

A. By heat and pressure, and claim 1, also reading on the specification, "A cover that may be dissolved by a certain solvent, a card proper disposed under the cover." That is understood when read on the specification that it is under the cover, and it explains how it is associated with the card and the cover. That means, as read under the specifications, secures it in such a way that it cannot be done any other way as far as this patent is concerned. If other people do it any other way, then that is theirs, but as far as this patent is concerned, so only a solvent should be or could be—

The Court: This may be admitted in evidence as defendant's exhibit next in order, so that we will know what we are talking about.

Mr. Frederick W. Lyon: That is the one that has been partially dissolved?

Mr. Franklin: Yes.

The Clerk: Defendant's Exhibit C.

Mr. Frederick S. Lyon: The specifications of the patent in suit, your Honor, page 1, line 45, deal with this question.

The Witness: That deals rather with the side line of security. I don't know whether that is in the copyright I [18] submitted to your Honor at that time with my brief. I had marked certain paragraphs in the specifications. I am not quite sure that I made a mistake and haven't in one or the other of the copies of the brief,

(Testimony of Otto H. Kruger)

perhaps those sections are not marked. But in the brief it is referred to, and I have marked a paragraph on page —

The Court: Let us get the evidence, then I will listen to the argument. We are going along in a very haphazard manner, partly argument and partly evidence. Let me ask this witness a question.

Isn't the essential element of this patent that you are claiming the fact that the card beneath this celluloid material is subject to being dissolved by the same material that dissolves the cover?

A. That is a correct part of the invention.

The Court: What other feature of the invention do you claim is new besides that fact?

A. The feature of having a compound identification that is interacting under the same solvent. In other words, the cover reacts in solvent and is really the controlling factor of all the other solvent features that is now the—

The Court: Just a minute. In this particular card, if the printing matter was not subject to being dissolved by the same material that dissolves the cover, and causes a printed matter to bleed, you wouldn't claim it was infringement, would you? In other words, the fact that they have taken two pieces of [19] celluloid material and clamped them together, with printed matter between them—

The Witness: If the—

The Court: Just a moment. When you dissolve the outside it wouldn't affect the printing matter, if it didn't do that, you wouldn't claim that it was within your patent, would you?

(Testimony of Otto H. Kruger)

A. And if the identification matter were not compounded to the glass and also—

The Court: Not what?

A. That the different parts of the identification, this part of the person's identification, and this part of the person's identification are coacting under the same solvent. A coacting feature, as I say, is absolutely essential.

The Court: That is what I am trying to say in a layman's language, that this card could be put between two pieces of celluloid material, such as we have here, and clamped with heat and pressure, and if the printing matter were not subject to being dissolved by the same solvent that dissolves the cover, you wouldn't claim it was any novel feature, would you?

A. To quite an extent, your Honor.

The Court: Everybody knows, and it is common knowledge, that for years before this patent we have had identification cards that were between two pieces of celluloid material. That is common knowledge. But it seemed to me that if there is any inventive feature involved here it would be the fact [20] that they are all subject to being affected by the same material, in other words, that the cover and the printing matter were subject to being dissolved by the same material.

The Witness: Correct, because that was exactly the way the Appeal Board ruled over the Goodsell patent. The Goodsell patent could be read the way your Honor explained, and the Appeal Board ruled then in my favor, and ruled over the Goodsell patent.

(Testimony of Otto H. Kruger)

Q. By Mr. Franklin: Are you prepared to make a demonstration here of how the solvent would affect the card?

A. That is already admitted. That part is admitted, that the card is affected.

Q. Do I understand that—

Mr. Frederick S. Lyon: We admit that some solvents affect these cards.

The Witness: The cards the way they are now made are affected.

Mr. Franklin: That there are solvents that will dissolve both the covers and the ink.

The Court: I understand the claim is that any solvent that will dissolve the cover will also cause the printed matter to bleed.

Mr. Frederick S. Lyon: If it is a bleeding ink.

The Court: Assuming that the ink is of a certain material.

Mr. Franklin: I see. [21]

Mr. Frederick S. Lyon: We do not admit, however, that there is any one solvent that will dissolve celluloid and all ink.

The Court: I understand that. Maybe I am anticipating, but I have read the deposition of the man that worked out this patent, and first he worked out his own formula for the ink, and later found out that there were inks on the market that were just as useful as the ink that he was using.

Mr. Franklin: Yes, that is true.

(Testimony of Otto H. Kruger)

The Court: In other words, the claim is that it takes a certain type of ink, and it is referred to as an ink that is subject to bleeding or as an ink that is affected by the same solvent that affects the cover.

Mr. Franklin: That is correct.

The Court: That is the way I understand it.

Mr. Franklin: Yes.

The Court: I don't know. If I am incorrect, I would like to be corrected.

Mr. Franklin: That is correct, as I understand it.

Mr. Frederick W. Lyon: Just one correction on that stipulation. We did not stipulate that all solvents on a plastic cover will act on all bleeding inks. Some solvents will dissolve plastic without affecting the ink, any ink. We make that reservation on that stipulation.

The Witness: May I mark that copy? Will that be—

Mr. Frederick W. Lyon: That will be evidence that we [22] will put on.

The Court: Just a moment. Let counsel do the arguing and talking. You are a witness now.

Q. By Mr. Franklin: Will you state the solvents which would ordinarily be used to dissolve both the cover and the ink in the card?

A. As I said, acetone is most commonly used, because it is most easily gotten, but there are quite a number of solvents, but we only use that sort of ink which will be dissolved by the same solvent that dissolves the cover.

(Testimony of Otto H. Kruger)

Q. Then acetone—

A. Acetone is one of them.

The Court: Do you know of any solvent that would dissolve the cover that would not affect the identification card?

A. I believe, your Honor, the expert in chemistry could say that better than I.

Mr. Franklin: Will counsel stipulate that any acetate solvent will dissolve both the cover and the printing ink?

Mr. Frederick S. Lyon: No.

Mr. Frederick W. Lyon: It positively will not. There are some solvents that will.

Mr. Franklin: Our expert will testify to that.

Q. By Mr. Franklin: The Western Lithograph Company is producing these cards as your licensee?

A. Yes, sir. [23]

Q. For how long has that company been your licensee?

The Court: Of what materiality is this?

The Witness: Since December, 1942.

Mr. Franklin: It shows that he has a licensee, and it shows respect for his patent, and I think that would have some bearing on the matter, because no one would pay a license under a patent that didn't consider it—

The Court: Well, the court believes that there are thousands of people that are paying tribute to holders of patents who do it rather than face litigation, and the court doesn't pay too much attention to it. I think it is

(Testimony of Otto H. Kruger)

one of the greatest rackets in the country, myself. I assume, gentlemen, that it is stipulated here that the plaintiffs in this case use a similar method?

Mr. Frederick S. Lyon: It is all covered by the interrogatories.

The Court: And they will be deemed admitted in evidence?

Mr. Frederick S. Lyon: Yes.

The Court: In other words, there is no use of going into that element of the proof?

Mr. Frederick S. Lyon: No, not as far as the plaintiff's case is concerned. We set forth precisely what we do, and there are examples—

The Court: I remember the examples.

Mr. Franklin: At this time, while I think of it, I will offer in evidence the interrogatories and the answers of the [24] defendant.

The Court: It is stipulated that they may be deemed in evidence. Will you so stipulate?

Mr. Franklin: Yes. They are our interrogatories.

The Court: You will stipulate that they may be deemed in evidence?

Mr. Franklin: Yes. What exhibit number will that be?

The Clerk: I will mark the interrogatories as Defendant's Exhibit D and the answers as Defendant's Exhibit E.

[DEFENDANT'S EXHIBIT D]

In the United States District Court
Southern District of California
Central Division.

Civil Action No. 3116-B H

NED WHITEHEAD, doing business under the fictitious
name of WHITEHEAD and COMPANY,

Plaintiff, Counter-Defendant

vs.

OTTO H. KRUGER,

Defendant, Counter-Claimant.

DEFENDANT'S, COUNTER-CLAIMANT'S
INTERROGATORIES.

Interrogatories on behalf of Defendant, Counter-Claimant, Otto H. Kruger to be answered under Oath by Plaintiff, Counter-Claimant, Ned Whitehead, doing business under the fictitious name of Whitehead and Company, pursuant to Rule 33, F. R. C. P.

1. State the elements used and the method of manufacture of the plaintiff's identification card and its envelope, as set forth in Paragraph V of the complaint?

2. Is it not a fact that the printing ink used by plaintiff in his identification card within the six years prior to August 27, 1943 was, and is a commercial product obtainable by you on the open market?

(a) If the answer to the foregoing is in the negative state from whom the ink used by plaintiff in printing said card was obtained.

3. Is it not a fact that the ink used in printing plaintiff's card prior to and since August 27, 1943, stating either or both, is characterized by:

(a) Its ability to bleed when a solvent is applied thereto.

(b) To be dissolved by said solvent when applied thereto.

(c) To be defaced by said solvent when applied thereto.

4. Is it not a fact that the cards submitted by plaintiff in his bill of particulars as Exhibit "C" and "D" are encased or enclosed within an envelope?

(a) State the commercial name of the material used in the making of said envelope and submit one or more samples thereof for use in court?

(b) Is the envelope material used by plaintiff obtainable by plaintiff on the open market?

5. Is said envelope used by plaintiff affected in any manner by a solvent applied thereto?

6. Attached to these interrogatories are two photostatic prints of advertisements marked Exhibits "A" and "B." Admit or deny that said prints are true copies of advertisements which the plaintiff presented to the trade within six years last past.

(a) If your answer to the foregoing is that said advertisements are not yours or not prepared for you, nor authorized by you, then produce for the inspec-

tion of the court and counter claimant all advertisements produced by or authorized by you, or of which you have knowledge relating to identification cards manufactured by or on your behalf and sold or offered for sale within the six years last past, and in respect to your answers to the above state:

(1) The date of publication of each thereof.

(2) The names and addresses of the publishers.

7. Is it not a fact that you have since August 27, 1943, printed identification cards for use of your customers?

8. Is it not a fact that sometime prior to August 27, 1943, you printed or had printed for you identification cards, the printing ink of which did not bleed when a solvent was applied thereto?

9. Is it not a fact that you changed or had changed your method of printing identification cards, by using a printing ink which would bleed when a solvent was applied thereto, after the date of printing the identification cards inquired about in Interrogatory 8?

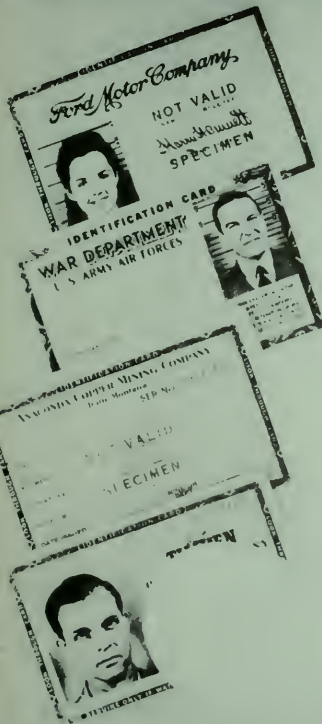
10. State the dates of first printing of cards inquired about in Interrogatories 8 and 9.

11. Why did you in response to Interrogatories 8 and 9 change printing inks?

Alan Franklin

Attorney for Defendant, Counter-Claimant.

WHITEHEAD Counterfeit-Proof IDENTIFICATION CARDS



A few users of Whitehead products and equipment

Anacosta Copper Mining Co.

Basic Magnesium Corp.
Bendix Aviation Corp.
Bethlehem Steel Corp.
(Fairfield Shipyard Div.)
Black and Decker

Calif. Shipbuilding Corp.
Caterpillar Tractor Co.
Century Electric Co.
Chicago Flexible Shaft Co.
Consolidated Aircraft Corp.

Douglas Aircraft Corp.
Firestone Rubber Co.
Ford Motor Company

Goodyear Aircraft Corp.
Grumman Aircraft Eng. Corp.

Kaiser Company
(Henry J. Kaiser)

Lockheed Aircraft Corp.

Glenn L. Martin Co.
Mack Manufacturing Co.

National Cash Register Co.

Oregon Shipbuilding Co.

Pratt & Whitney Aircraft Corp.

Standard Oil Co.

Timken Roller Bearing Co.

Underwood Elliott Fisher Co.
United Aircraft Corp.

U. S. Army
U. S. Army Air Forces
U. S. Coast Guard
U. S. Navy

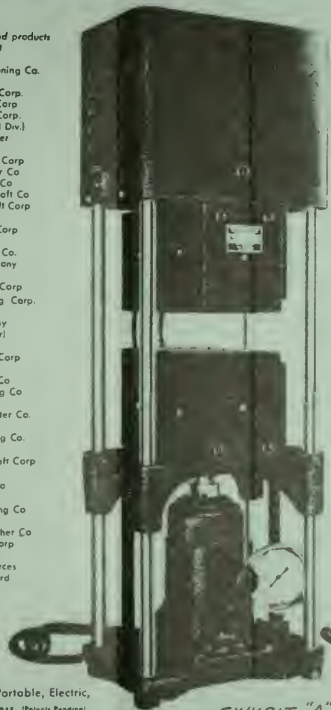


EXHIBIT "A"

Whitehead Air-cooled, Portable, Electric,
Hydraulic, Laminating Press. (Patents Pending)
Weight 250 lbs., Height 38", Base 10"x13"
Price \$275.00 complete, F. O. B. Los Angeles

HERE'S THE ANSWER to your plant protection problem

Save valuable time and safe guard your plant with Whitehead counterfeit-proof Identification Cards and Badges made with combination shadow and wire type, multi-colored planchettes, water marked paper and engraved with specially prepared inks which bleed and change color when exposed to chemicals that dissolve thermoplastic

We supply the air cooled, electric, portable Whitehead lamination press to our thermoplastic and identification card customers

EASY TO OPERATE. This electric hydraulic press will produce from one to twenty four units in a single operation. Simply plug into an electric outlet and operate by hand. Air cooled

SPEED. Production rate of each press more than 2000 badges or 1250 Identification Cards per 8 hour shift

EXAMINE the enclosed samples. It is impossible to duplicate, alter or change Whitehead Identification Cards, either mechanically or chemically, after they have been inserted between sheets of thermoplastic and laminated in the press. Specially designed inks change color and bleed when exposed to chemicals.



SPECIMEN
IDENTIFICATION CARD

DEFEND YOUR PLANT FROM ATTACK *Within!*

[Exhibit A]

**ORDER YOUR EQUIPMENT *today* AND BE ASSURED
OF *Complete Protection*... IN YOUR PLANT!**

MATERIALS

Whitehead & Company supply all materials necessary to produce Identification Cards or Badges. The lithographed insert cards are made of specially designed counterfeit-proof, combination shadow and wire type, multi colored planchettes, water-marked paper. These are engraved with specially prepared inks which bleed, and change color when exposed to the chemicals that dissolve thermoplastic, thereby preventing alterations. Whitehead special formula Thermoplastic is supplied for lamination.

EQUIPMENT



* This electric badge press seals metallic pins to back of badge at the rate of 10 seconds per unit. This equipment must be ordered separately. Price **\$75.00**



This electric Blower and Wind Tunnel is included with complete equipment necessary to produce Whitehead counterfeit proof identification cards or badges.

It was necessary for Whitehead & Company engineers to develop precision equipment to produce counterfeit-proof Identification Cards and Badges, and at the same time give maximum efficiency by a simplified air-cooled process. You have no extra expense or use of critical steel for water pipes with this air-cooled equipment. No costly installation problems. This portable Whitehead lamination press can be moved as often as necessary. Whitehead equipment is designed so that the temperature is very accurately and thermostatically controlled, as well as the pressure fixed and predetermined during the lamination process. In addition to the Whitehead portable, electric laminating press, we supply an auxiliary electric Blower and Wind Tunnel for controlled cooling during the lamination process. Complete equipment available with an initial order for Whitehead Counterfeit-proof Identification Card inserts and Thermoplastic. Whitehead equipment operates most efficiently when Whitehead special formula Thermoplastic is used.

PRICES AND TERMS

Complete set of equipment \$275.00 Includes Whitehead Lamination Press, Electric Blower and Wind Tunnel, and all necessary accessories. Thermoplastic and insert identification card prices quoted according to size and quantity. Terms F.O.B. Los Angeles 30 days net.

EXHIBIT "B"

KEEP THEM OUT!



No. 3116-BH Civ Defts Exhibit D Filed Sep 7 - 1944
Edmund L. Smith, Clerk, by MEW, Deputy Clerk.

[Endorsed]: Filed Aug. 24, 1944.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien,
Clerk.

[DEFENDANT'S EXHIBIT E]

In the United States District Court
Southern District of California
Central Division

Civil Action No. 3116-B H

NED WHITEHEAD, doing business under the fictitious
name of WHITEHEAD AND COMPANY,
Plaintiff, Counter-Defendant

v.

OTTO H. KRUGER,
Defendant, Counter-Claimant.

ANSWER TO DEFENDANT'S, COUNTER-
CLAIMANT'S INTERROGATORIES

Comes Now the plaintiff, Ned Whitehead, and answers
Defendant's, Counter-Claimant's Interrogatories as fol-
lows:

1. The elements used are two sheets of thermoplastic
called cellulose acetate, a piece of paper having printed
data thereon; the ink with which the data is printed bleeds
and changes color when a solvent for the plastic is ap-
plied. The method of manufacture is to place the piece

of paper between the two sheets and place the same in a hydraulic hot platen laminating press.

2. Yes.
3. (a) Yes.
(b) Will not always dissolve completely.
(c) Yes.
4. Yes.
(a) cellulose acetate. (See Exhibit A)
(b) Yes.
5. Yes.
6. Yes.
7. Yes.
8. Not intentionally.
9. No.
10. November 14, 1941.
11. No answer required in view of answer to Interrogatories 8 and 9.

Signed this 1st day of September, 1944.

Ned Whitehead

State of California,

County of Los Angeles—ss.

Ned Whitehead, being duly sworn, deposes and says that he has read the above Answers to Defendant's, Counter-Claimant's Interrogatories, and knows the contents thereof; that the same is true of his own knowledge, except as to such matters alleged to be upon information and belief, and as to such matters he believes the same to be true.

Ned Whitehead

Subscribed and sworn to before me this 1st day of
September, 1944.

[Seal]

Irene J. Knudsen

Notary Public in and for the County of Los Angeles,
State of California

[Exhibit A]

FORMULA 100

THERMOPLASTIC-FORMULA 100

THERMOPLASTIC



In the United States District Court
Southern District of California
Central Division

Civil Action No. 3116-B H

NED WHITEHEAD, doing business under the fictitious
name of WHITEHEAD AND COMPANY,

Plaintiff, Counter-Defendant,

v.

OTTO H. KRUGER,

Defendant, Counter-Claimant.

AFFIDAVIT OF SERVICE

State of California,

County of Los Angeles—ss.

Alice Marcum, being first duly sworn, deposes and says that she is an employee of the firm of Lyon & Lyon, 811 West Seventh Street, Los Angeles 14, California, attorneys for plaintiff, counter-defendant in the above entitled cause; that she served the attached Answer to Defendant's Counter-Claimant's Interrogatories upon Alan Franklin, attorney for defendant, counter-claimant, by enclosing a true and correct copy thereof in an envelope addressed to

Alan Franklin

114 West Third Street

Los Angeles 13, California

first class postage prepaid, and depositing the same in the United States Post Office this 5th day of September, 1944.

Alice Marcum

Subscribed and sworn to before me this 5 day of September, 1944.

[Seal]

Irene J. Knudsen

Notary Public in and for the County and State above named.

No. 3116-BH Defts Exhibit E Filed Sep 7 - 1944
Edmund L. Smith, Clerk, by MEW, Deputy Clerk

[Endorsed]: Filed Sep. 6, 1944.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien,
Clerk.

Mr. Franklin: I have a card here with the name of the Whitehead Company on it, and I will ask counsel if you will stipulate if that is one of the cards of Ned Whitehead, the plaintiff in the case.

Mr. Frederick W. Lyon: What do you want us to stipulate now?

Mr. Franklin: If that is one of the cards made by the plaintiff, Ned Whitehead.

Mr. Frederick W. Lyon: We will so stipulate.

Mr. Franklin: And will you stipulate that that would be subject to being dissolved by certain solvents which would dissolve—

Mr. Frederick W. Lyon: Have you the name of the solvent?

Mr. Franklin: We will say acetone, for example.

Mr. Frederick W. Lyon: Yes, we will stipulate that.

The Court: It will be marked defendant's exhibit next in order. [25]

The Clerk: Defendant's Exhibit F.

(Testimony of Otto H. Kruger)

Q. By Mr. Franklin: Do you know the plaintiff, Ned Whitehead? A. Yes, sir.

Q. Is he here in court?

A. Yes; he is sitting there.

Q. This gentleman setting here? A. Yes, sir.

Q. Will you state the occasion of your first meeting with him, and the date? A. Mr. Whitehead—

Mr. Frederick W. Lyon: There is no question here that they have any license, or any question of that nature. I don't see the materiality of it.

The Court: Counsel, it is hard for me to eliminate the facts that are properly or improperly set forth in defendant's pre-trial statement, to the effect that he had negotiated with the plaintiff in this case for a license, and those negotiations were terminated and litigation commenced.

Mr. Frederick W. Lyon: We are willing to stipulate on the record that Mr. Whitehead negotiated and attempted to purchase this patent at one time, but he never offered to pay anything for a license.

The Court: But the result of it would have been that he would have had the right to the use of it?

Mr. Frederick W. Lyon: That is right. [26]

The Court: What other purpose have you in mind, Mr. Franklin?

Mr. Frederick S. Lyon: We might include in that the fact that Mr. Whitehead called off all negotiations.

The Court: Well, they were terminated?

Mr. Frederick S. Lyon: Yes, they were terminated.

(Testimony of Otto H. Kruger)

Mr. Franklin: I think the validity of the patent has been attacked on the ground that it doesn't state the invention sufficiently to enable others skilled in the art to manufacture the device. That is directly in issue. It is obvious that the plaintiff has—

The Court: If you want to show that he worked out his card from information that he gathered from this patent and from the defendant in this case, I will admit it. If you want to show that by reading this patent he was able to proceed, if that is the purpose, I will let you proceed.

Mr. Franklin: Yes, that is the purpose.

The Court: All right. Proceed.

Q. By Mr. Franklin: Will you state the conversation that occurred between you and Mr. Whitehead at that first meeting?

The Court: Let me ask the witness a question. Did Mr. Whitehead start to manufacture the cards that you claim now encroach upon your patent before or after you had talked to him? Was he doing it when you first approached him?

A. From his talk I couldn't get much one way or another, except that he said that he had negotiated with Mr. Ballou [27] for the patent, that he couldn't get along with Mr. Ballou, and he was therefore anxious to negotiate with me, and he said that it would be a good additional feature for manufacture, because he was manufacturing a machine, a little press or something, and he indicated, he expressed that it would be a good additional feature to have this patent.

(Testimony of Otto H. Kruger)

The Court: Did he manufacture the cards himself?

A. From the negotiations there I was kept in the dark.

The Court: Do you know whether he printed—

A. Quite evidently, because of the language between the plaintiff and Mr. Ballou, whereby the plaintiff shows that they were manufacturing the cards at that time—

The Court: Let me ask this question. Maybe counsel can verify it. Did the plaintiff in this case use this particular card before he came in contact with the defendant or the patentee? In other words, what I am trying to determine, is whether or not the plaintiff in this case, from information that he obtained from either Mr. Ballou or the defendant, or the patent itself, proceeded to manufacture this particular card.

Mr. Frederick S. Lyon: The answer to that is this, under the form of the question. Mr. Whitehead was with the Jeffries Printing Company, and—

Mr. Frederick W. Lyon: Jeffries Banknote Company.

Mr. Frederick S. Lyon: The Jeffries Banknote Company—and that company was engaged in printing a card which, under [28] the allegations here, was printed long before he had any contact with either Mr. Kruger or Mr. Ballou, and did not receive the information from either the patent or Mr. Ballou or Mr. Kruger. Does that answer the question?

The Court: Yes. You may proceed, Mr. Franklin.

Q. By Mr. Franklin: Did Mr. Whitehead state that he was—or what did he state he was manufacturing at that time? Did he state that he was manufacturing identification cards?

(Testimony of Otto H. Kruger)

A. He directly wanted the patent to use. I already have said that he, as well as Ballou, both were apparently already making cards before Mr. Whitehead came to me.

Q. Well, did Mr. Whitehead state that he was making identification cards at that time?

A. He didn't state it.

The Court: Do you know whether he was making them? A. I knew it.

The Court: How did you know it?

A. I had several people come around, but I couldn't make any proof of it. I had investigated—

The Court: Do you know whether he is turning out these cards today, of your own knowledge?

A. Yes.

The Court: Is he printing identification cards of the same type as this now?

A. Except that I cannot investigate closely under war conditions, and cards of this type are very much controlled [29] by the government or Navy or Army, or certain parts of the government, and I am not entitled or authorized to make this investigation where I should not be.

The Court: Well, we will take a five minute recess, gentlemen. I wish you would get things lined up and get down to the point.

(Short recess.)

The Court: Proceed, gentlemen.

Q. By Mr. Franklin: What was the date that Mr. Whitehead came to your house first?

A. He came October 8, 1942.

The Court: Counsel, the plaintiff has offered to stipulate that there were negotiations for the purchase of

(Testimony of Otto H. Kruger)

this patent, that there had been negotiations, and then they were eventually terminated and litigation followed. Is that sufficient to cover what you want to cover?

Mr. Franklin: Not only that, your Honor, but—

Mr. Frederick S. Lyon: We offered him \$10,000 for the purchase of the patent, of the exclusive rights under the patent.

Mr. Frederick W. Lyon: The witness has already stated that he doesn't know what Mr. Whitehead was manufacturing before this conversation, so he couldn't testify whether or not Mr. Whitehead received the knowledge from him or the patent, or anywhere.

The Court: Well, it wouldn't make much difference where [30] he acquired it, as far as that is concerned. It is a question of whether this is a valid patent and he is infringing it.

Q. By Mr. Franklin: Did Mr. Whitehead make an offer of any amount?

The Court: Aren't you willing to accept the stipulation of counsel? The statement that Mr. Kruger made shows the substance of it. It isn't necessary to go into all the details of the negotiations. The fact that there were negotiations is material, and that is covered.

Mr. Franklin: I think the fact that they made an offer of a certain amount would be material.

Mr. Frederick W. Lyon: We stipulated that we offered him \$10,000 for the purchase of the patent.

Mr. Franklin. I will accept that stipulation. And it is stipulated further that after that Mr. Whitehead manufactured these cards which we have in evidence here as Exhibit F?

(Testimony of Otto H. Kruger)

Mr. Frederick W. Lyon: It is so stipulated.

Mr. Frederick S. Lyon: It is discussed in the interrogatories.

Mr. Franklin: The card we offered here is shown a little mutilated on one end by an acid. I have a card here which is marked "Whitehead & Company," which is complete, and I will ask that that be admitted.

The Court: That is probably a sample card, isn't it?
[31]

Mr. Franklin: Yes.

The Court: He wasn't putting out identification cards for his own use; he was putting them out for the use of others.

Mr. Frederick W. Lyon: We will stipulate that this was manufactured by Whitehead.

Mr. Franklin: I will offer it in evidence.

The Clerk: Defendant's Exhibit G.

Mr. Frederick W. Lyon: It being understood that both of these exhibits are not the actual items that were sold. These are identical with the others, but they are specimens.

The Court: They speak for themselves on that.

Mr. Frederick W. Lyon: Yes, but they have extra printing on them which would not be on the originals.

Q. By Mr. Franklin: In the prosecution of the application for the patent there were certain patents cited by the Patent Office. You are familiar with those, aren't you?

A. Yes, sir.

Mr. Frederick S. Lyon: The record shows that.

(Testimony of Otto H. Kruger)

Q. By Mr. Franklin: You have also made a study of the patents that have been cited by the plaintiff?

A. Yes, sir.

Q. Now, as a patent expert, would you say that the Patent Office cited the closest patents?

Mr. Frederick S. Lyon: We object to that as incompetent, irrelevant and immaterial, and not the best evidence, and [32] leading the witness.

The Court: Well, I think it is a question for the court. I am not much interested in the expert telling me how I am to construe those patents. But isn't this a fact, that there was no patent cited here that had this bleeding ink feature? A. Yes, sir.

The Court: There is not?

A. Yes, sir; there was no bleeding ink feature in any identification card previously.

The Court: Isn't that correct, gentlemen?

Mr. Frederick S. Lyon: When the witness says "identification card," that is correct, except one, and that was not cited.

The Court: That was the fact, wasn't it?

Mr. Frederick W. Lyon: I would like to know the definition of the word "identification card." The patent to Goodsell, for instance, is for an identification card; the card was used for identification.

The Court: Does that involve the ink?

Mr. Frederick W. Lyon: It doesn't state anything about what kind of ink. That is part of the proof we will have to put in. But it states a printed label, under cellophane.

The Court: I am not quite sure that I remember the Goodsell patent.

(Testimony of Otto H. Kruger)

Mr. Frederick W. Lyon: The Goodsell patent is this Red Oak tag. [33]

The Court: Yes. They waterproofed the tag so that it wouldn't be affected by the elements.

Mr. Frederick W. Lyon: Then there was the Walsh and Caprio patent, No. 2,079,641, which specifically names printing ink.

The Court: That wasn't cited in the Patent Office?

Mr. Frederick W. Lyon: No, that wasn't cited.

The Court: I feel that an expert can tell me anything he wants to tell me, but when he starts to make his conclusions as to the effect of certain cited patents, he is intruding upon my function, because, after all, that is something that I am going to have to determine. I know in patent cases they bring on experts who try to tell the court what to do, but I don't pay any attention to it. It is trying at times, but at this time most of the attorneys who try patent cases in my court have stopped the practice, because I look upon that kind of testimony as nothing more nor less than counsel's argument.

Mr. Franklin: Well, an expert only gives his opinion.

The Court: But he can explain the workings of this patent, explain anything about the art, and I am interested, because I am a layman, when it comes to this special art, but when he tells me that a certain patent is in a different field, or that it is not really prior art in so far as his patent is concerned, that is a question for me to pass upon.

Mr. Franklin: We have a case here which is very simple. [34] There are just two elements in the patent

(Testimony of Otto H. Kruger)

claims. And here they set up 17 patents to anticipate a patent that has two elements in it.

The Court: We will argue about that when we get to it. But haven't you made out your *prima facie* case at this time? You have introduced the patent, and if the so-called infringement of your patent, broadly construed, is upheld— There have been specimens of the work turned out by the plaintiff in the case, and I believe the pleading recognizes the fact that there have been claims made, so that the declaratory relief statute would apply in this case—there is no question about that between counsel—and you come in with a counterclaim and claim this patent is valid and is being infringed and that they are liable for damages. Just what more facts do you want to bring out from this witness? That is what I want to learn. You have spent an hour and a half, and I haven't learned one thing yet that hadn't already been called to my attention in the pre-trial statement, and from a study of it again.

Mr. Franklin: Of course, I had no way to know how well your Honor knows the case, and I am glad to know that you feel that you understand the case so well, and I will say—

The Court: I have asked him some questions as to the nature of his patent and his claim. The only thing I don't know anything about now is what substance will dissolve this celluloid covering and the ink. If there is an art in the [35] ink trade, that chemical or ink art is something that I am in the dark on.

Mr. Franklin: Yes. I will say that we have pretty well established our *prima facie* case, as I understand it,

(Testimony of Otto H. Kruger)

but there were cited on that question about 17 patents, and it seems that is too many patents to be cited.

The Court: Well, that is their side of the case. I don't know whether there are 17. There might have been 17 patents directly in point. For instance, this bleeding ink is something—the bleeding is caused by the same solution that dissolves the celluloid binder, you might say, or cover of these cards. But whether the plaintiff claims that anybody skilled in the art could have worked this out—you claim that from the language of the patent itself anybody skilled in the art could understand what it means?

Mr. Franklin: Yes.

The Court: The plaintiff claims that the patent is invalid under the statute under which it was filed, because it simply states the problem, without defining the solution.

Mr. Franklin: Well, I will reserve my objection as to the number of patents until later.

The Court: They haven't offered them yet. How can you introduce an objection to something that hasn't been offered?

Mr. Franklin: Well, when it comes up on their proof.

The Court: Well, let us get to that.

Q. By Mr. Franklin: When your deposition was taken, Mr. [36] Kruger, you were asked for certain sketches, and you didn't have them at that time, and you were asked to produce any such sketches.

Mr. Frederick W. Lyon: The deposition of the plaintiff before the trial is ordinarily a fishing expedition, to find out what his case is all about.

(Testimony of Otto H. Kruger)

The Court: Incidentally, I read that, and I was trying to find out all I could about this picture.

Mr. Franklin: Of course, we have got a question of anticipation.

The Court: I will give you plenty of opportunity to put on anything in rebuttal that you want to put on, after they have put on their case. I am pretty free in that. I don't cut anybody out on technical grounds, to prevent them from introducing any evidence that is material to the issue.

Mr. Franklin: There were certain photostatic copies that were attached to our interrogatories.

The Court: Well, the interrogatories are in evidence, and they are attached to it.

Mr. Franklin: Very well, then. I am pretty well along now, and I think we will rest our case.

The Court: Except for cross-examination.

Mr. Franklin: Oh, yes. [37]

Cross-Examination

Q. By Mr. Frederick W. Lyon: Are you familiar with the various plastics used to cover identification cards?

A. I have seen various plastics.

Q. Do you know what plastics are used?

A. Well, mostly now is used cellulose acetate and cellulose nitrate, but there is a cellulose acetate which is mostly used. There are others, for instance, cellulose nitrate. That last is rather explosive, and it is therefore avoided. Besides them, the cellulose acetate, it has sub classes which are also used.

(Testimony of Otto H. Kruger)

Q. Is celluloid used?

A. That is just what I meant to say, that celluloid would not be used much, because it belongs to the nitrate class, and the nitrate class is the cellulose material for explosives, as everybody knows, and very much dangerous.

Q. Celluloid, is that cellulose nitrate?

A. That is nitrate. "Celluloid" or any of those names is merely a trade name of certain companies. There are other companies that have also cellulose nitrate, which is called different names. In Germany more than anywhere else, at first, they have a lot of different names for the the same thing. Different companies have different names for it. They do not all call it "cellulose acetate," and they have different names under which it is bought on the market. You may buy on the market cellulose acetate under different names, and [38] you may think it is something different, and still it is cellulose acetate.

Q. But these are all clear plastics which could be used as a cover in carrying out the designations of the patent?

A. It could be used, yes.

Q. I read you a formula, in which the parts comprise cellulose nitrate 100 parts, camphor 30 to 50 parts, Dibutyl tartrate 30 to 50 parts. Would such a formula form the cover that would constitute the cover called for in the Ballou patent in suit?

A. I would rather leave that to our chemical expert, who is here.

(Testimony of Otto H. Kruger)

Q. Then you have no knowledge of your own?

A. I have knowledge, but I would go to a man and get it. I merely know the formulas have nothing to do with it, as far as I know. For that reason I wouldn't worry about any formulas. I can get the material on the market.

Mr. Frederick W. Lyon: I would like to have the witness instructed to answer whether he knows of his own knowledge.

The Court: I rather infer that he doesn't know. He says that is a matter for a chemist.

Mr. Frederick W. Lyon: Then he went on to qualify it and said he would go to a chemist.

A. I will say that after years of experience I have never relied on my memory for any formula, even the simplest engineering formula. I may know the simplest formula, but I [39] will instantly check before I go and assure somebody about it. Particularly under oath I would not do it. I would then check.

The Court: You cannot answer the question?

A. I cannot. That is a question that is too technical.

Q. By Mr. Frederick W. Lyon: What solvents are there for these various covers, that you know of?

A. That is an expression that is very technical. I know from my notes that methyl acetate, nitrate material, methyl cellulose acetate, ethyl lactate, diacetone ethyl, is even branching out quite a bit.

(Testimony of Otto H. Kruger)

Q. You are familiar with ethyl acetate?

A. Yes, I have tried it, but I wouldn't offhand give the formula. I would look up the formula books before I would make it under oath. As an engineer, I have found the most foolish engineer will not—

The Court: You are not asked or called upon to do more than answer the question.

Mr. Frederick W. Lyon: That is all, your Honor.

The Court: That is all.

Mr. Franklin: Just a moment.

Redirect Examination

Q. By Mr. Franklin: Are solvents that will freely dissolve plastics and bleeding ink, to your knowledge, well known?

A. Yes; they are well known in publications and by experts. [40]

Mr. Franklin: That is all.

Mr. Frederick W. Lyon: That is all.

Mr. Frederick S. Lyon: Did the plaintiff rest?

The Court: I think you have another witness, haven't you?

Mr. Franklin: No; I think we will put on our expert in rebuttal, when they put in their patents.

The Court: All right.

Mr. Franklin: Just a moment. I think I will put our expert on, please. [41]

DAVID HORWITZ,

called as a witness on behalf of defendant and counter-claimant, being first duly sworn, testified as follows:

The Clerk: State your name, please.

A. David Horwitz.

Direct Examination

Q. By Mr. Franklin: Mr. Horwitz, will you state your education and occupation and qualifications as an expert in plastics?

A. Yes. My education, Toronto University, B. A.; Columbia University, Bachelor of Science; post-graduate university, Doctor of Science; at the present time the manufacture of printing inks for all phases of the graphic arts.

Q. Have you made any printing ink for identification cards? A. Yes, sir.

Q. For whom did you make such ink?

A. For the Western Lithograph Company, primarily.

Q. Primarily? A. Yes, sir.

Q. Anyone else? A. Experimental work for the Jeffries Banknote Company on one occasion; samples which were submitted to the Whitehead Company, also.

Q. That is the Whitehead that is a party to this suit? [42] A. Correct.

Q. Will you state what specifications were given to you in making these inks for printing inks?

A. Yes. They should stand heat and pressure, heat to approximately 400 degrees for approximately a 20-minute period; they should have a degree of permanency that would make them reasonably usable in outdoor ex-

(Testimony of David Horwitz)

posure under the sun, for what might be termed a reasonable length of time, without fading; that they should bleed in a solvent that is used to remove the acetate coating, and that they should also bond to the acetate coating to such an extent that when the coating is split apart it would split the sheet, which has one edge adhering to either side of the acetate.

Q. From these specifications did you produce that ink which was used by the Western Lithograph Company for their identification cards? A. I did.

Q. Which we have in evidence here?

A. Yes, sir.

Q. When you were given those specifications, as an ink expert, one skilled in the art, did you have any difficulty in producing a solvent which would dissolve the back of the cover and also cause the ink to run or bleed?

A. The nature of the solvent to be used in that instance was given to me. I didn't have to work with the solvent. With the court's permission, I might enlarge on that. Those [43] were the specifications I was called upon to meet.

Mr. Frederick S. Lyon: We object unless the specifications are produced. I don't think that is a fact. I fear that that is not in the courtroom. I don't know whether they are secret specifications or not, but if they are going into anything about the specifications, I think the specifications themselves should be produced. I don't know what the materiality of it is.

The Court: I don't know what the materiality is. I am going to overrule the objection. So far, I can't see where it is material. As I understand, this witness didn't work out the formula.

(Testimony of David Horwitz)

The Witness: I didn't have to work out the formula of the solvent. The nature of the solvent to be used was given to me.

The Court: Then what did you work out?

A. I manufactured the ink to meet all the specifications to reach with those solvents.

The Court: You figured out an ink that would be affected by this solvent that was furnished to you?

A. Correct.

Q. By Mr. Franklin: Are you familiar with solvents that would dissolve cellulose acetate or celluloid?

A. Yes.

The Court: As I understand it, your problem, then, was the manufacture of the ink? [44]

A. Correct.

Q. By Mr. Franklin: And, being familiar with those solvents, are you also familiar with how those solvents would act upon a bleeding ink?

A. Right.

Q. Will you state a few solvents, for example, that would dissolve a cellulose nitrate cover or plastic cover, and also ink on a card which is a bleeding ink?

A. Ethyl acetate, acetone, ethyl cellosolve, ethyl butyl cellosolve. I wouldn't want to extent my memory beyond that, because they are highly technical names, and I will let it rest on those four; I won't go beyond that.

Q. Would you say that that was more or less elementary chemistry?

A. For the ink manufacturer—I wouldn't say elementary chemistry—for the ink manufacturer it would be the most simple kind of a task.

The Court: You say that would be elementary in so far as ink manufacturing is concerned. Ordinarily you wouldn't be concerned with that, would you?

(Testimony of David Horwitz)

A. Yes, your Honor. I have here, if I might present it for your benefit, or for counsel's benefit, the specifications that are furnished from which these are made—we don't even have to trust to our own preparation. All master specifications have been furnished by the dry color manufacturers.

The Court: Those inks will— [45]

A. They will bleed, and are alkali and acid resistant and heat resistant. I can present you here with perhaps the best known and most reputable—

The Court: You know, then, as a matter of common experience, that there are things that will cause ink to bleed? A. That is correct.

The Court: But we are concerned here with celluloid covers or a combination. In other words, it is necessary here to have a solvent that will not only dissolve celluloid, a celluloid cover, but at the same time will react upon the paper and the ink. In this case you have not only to act on the writing but also on the paper.

A. I can explain the simplicity of that to your Honor very quickly. No printing ink has yet been made that will withstand the action of acetate solvent. All vehicles that are used in printing ink will break down under the action of any acetate solvent.

The Court: And the ink that was used in there would be affected by the solvent?

A. The vehicle would be affected, the carrier of the pigment. Some of the pigments are resistant to the action of these fluids, but none of the vehicles are, and when you soak a piece of paper that is printed like this in an acetate solvent, you wash out the carrier. You might leave the pigment on the surface, and any further at-

(Testimony of David Horwitz)

tempt to [46] treat that would remove that pigment, because you have washed out the carrier. If you take linseed oil and pigment and grind them together to make a paint, and if you wash that, you wash that dried up paint off of the wall, you wash that pigment off of the wall, and your pigment is coming off.

The Court: The information I am after is this: Suppose that I take the ordinary business card that anybody has and place that card under heat and pressure in this holder, and then these acetates are used on it, as I understand your testimony, it would break down that ink?

A. It might not be directly visible. If you soak this, there is a certain absorption within the fibre of the paper itself, but the fact remains that the vehicles would be washed out. Some of the dry pigment would be within the paper.

The Court: In this card, as I understand it, referring to Defendant's Exhibit C, the breakdown seems to be in the paper rather than in the printed matter.

A. No. You have gone from a blue to a very weak gray.

The Court: That is the paper.

A. I beg to differ with your Honor.

The Court: That is the coloring in the paper, but the printing matter itself—

A. You are referring to the black here now?

The Court: Yes. [47]

A. To the layman that wouldn't be so readily visible. This is made up of a combination of a portion of black and a very easily soluble blue, and the blue is washed out, leaving it virtually a gray. There is no such thing as a totally soluble carbon, of which the black is ordinarily

(Testimony of David Horwitz)

made. To accomplish that we put in a portion of black and a portion of blue.

The Court: In other words, the solvent destroys the pigment on the paper, but lets remain the black printing matter?

A. It just leaves a portion of the black. It looks to me as though there are two impressions on that, that those ruled lines have been imprinted after that one. This is what is known as lithographic, and the other is planographic. The lithographic is what has been affected here. This black is the pure carbon, and there would be no obliteration there at all. It has been disfigured and distorted, but it hasn't been washed out. There are three operations in making that.

Mr. Frederick W. Lyon: I would like to know what solvent he is referring to here. Is it his testimony that all solvents affect all inks?

The Court: You will have an opportunity to cross examine.

Mr. Frederick W. Lyon: I want to know what he is talking about here. [48]

The Court: That is the object of cross-examination.

Q. By Mr. Franklin: Did you say all solvents?

A. No. I said all solvents that will dissolve an acetate sheet will break down any printing ink that was ever [48-A] made.

The Court: Is hasn't broken down this black?

A. Yes, but it wouldn't be perceptible to you, as a layman, but there is a bleeding out out around the edge of it there. This is a very poor test. If the whole thing had been submerged I think you would have found entirely different results.

(Testimony of David Horwitz)

The Court: The point I am interested in is this: Of course identification cards are passed rapidly through the hands of the guards at the gate?

A. That is right.

The Court: And the guard will not examine the ink with a magnifying glass, like you will, to see whether it has been altered, so it has to be something that is perceptible?

A. It would have to be the background.

The Court: As I understand from your testimony, any ink that is placed on a card similar to this would be subject to—

A. Defacement.

The Court: —defacement or bleeding of the printed matter, by any acetate that is strong enough?

A. By any solvent that will dissolve an acetate.

The Court: By any solvent that is strong enough to dissolve an acetate?

A. Yes.

The Court: It is 12:00 o'clock, gentlemen. How long is this case going to take? We have spent two hours on it [49] already.

Mr. Franklin: I am pretty well along.

Mr. Frederick S. Lyon: We have one short witness, and it should not take us more than an hour to put in our testimony.

The Court: At this time we will take a recess until 2:00 o'clock, gentlemen.

(Whereupon a recess was taken until 2:00 o'clock p. m. of the same day.) [50]

AFTERNOON SESSION

2:00 O'CLOCK.

The Court: Proceed, gentlemen.

DAVID HORWITZ

recalled.

Direct Examination Continued

Q. By Mr. Franklin: I would like to go into the methods of how you go about producing an ink to meet the specifications for a bleeding ink.

A. The first requirement there is the nature of the pigment. In this sheet, because it had to withstand a certain amount of heat and pressure, there was a degree of permanency that was involved, and also the bleeding quality, and we take the specifications furnished us by the dry color manufacturers. We make our selection of dry color that would meet those requirements, and we select the vehicle or carrier for that pigment. In this particular instance, one of the requirements was that they had to be able to write over it with pen and ink, so the type of vehicle is of a nature that would permit that. The two are put together, and, in addition, a bonding varnish that will make the printed matter bond or fuse with the acetate under heat and pressure is used. The thing is then ground on a roller mill to the proper consistency and furnished to your printer or lithographer.

[51]

Q. As I understand, you make a comparison of paints, for example—I understand linseed oil is a vehicle in paints?

A. Correct.

(Testimony of David Horwitz)

Q. And a vehicle in the ink?

A. There is a considerable amount of linseed oil varnish in this also.

The Court: In inks?

A. Yes; printing inks are very, very comparable in their set-up. We use the linseed oil varnishes, the better varnishes. If I might explain, on the raw linseed oil there is first the natural grade, and then you get your boiled oil, and then you get your high tones from 50 up to 0, and from No. 1 up to No. 7, which is so thick that you can almost cut it, and the difference is that they are boiled and burnt off. The printing oil manufacturer uses the linseed varnish in its better form. You might compare them, except that ours is ground on a roller mill, and the pigment is so finely dispersed that if you were running a half tone print there would be no danger of the pigment coming off. In both they are mixed in a small mill, and the dispersion isn't near so great, because theirs is applied with a brush, and in printing the ink is so thin that it can hardly be measured. That is really the major difference. They are now using synthetic varnishes in paint and also in ink, and there is considerable similarity. For the information of the [52] court I might say that some of our master colors are bought from the paint manufacturers. Sherwin-Williams is a big paint organization that is selling to the printing industry. They use the same master colors that we do exactly.

Q. By Mr. Franklin: What actually occurs when the solvent is applied to an ink? How does it dissolve the ink?

A. Well, it breaks it down. It might have a tendency in some instances to precipitate the pigment. It cuts the

(Testimony of David Horwitz)

viscosity of the varnish. It thins it right out. I can perhaps illustrate that better by saying that if you take a solvent and you apply it to a painted surface, it will cut that entire painted surface and break it up, and you can wipe it right off, the same way you do with a paint remover.

Q. Does solvent affect the paper?

A. Some might. I wouldn't want to go into that, because I am not sufficiently familiar with the fibre structure of paper. Certain types of solvent might very easily damage it.

Q. How long have you known of solvents which would dissolve a plastic cover like cellulose acetate, and also dissolve an ink?

A. For the past 30 years at least.

Q. Is that well known in the art? A. Oh, yes.

Q. Are there any textbooks that show that?

A. Yes. There is one book by Krieger; there is another book by Wiborg; there are German and British publications [53] innumerable of them, and the paint industries publish textbooks also.

Q. How old are those textbooks?

A. I have used them since 35 years ago, some of them.

Q. Have you any of them with you?

A. I have none of the textbooks with me, no.

Mr. Franklin: I think that will be all.

The Court: I would like to ask a few questions. You say the solvent attacks what you call the finish rather than the printing. In other words, on this card the blue is all printed on there, is it not?

A. It is lithographed on there.

(Testimony of David Horwitz)

The Court: And that is the part that the solvent attacks? A. It attacks that and the border.

The Court: And the border?

A. Primarily, yes. This one has had a third printing operation for these rulings, which is an entirely different process, and no selected ink was used for that, but this background and this border, these inks were fabricated.

Mr. Frederick W. Lyon: You are speaking about—

The Court: Speaking about the card in Defendant's Exhibit C. You say it has been known for a long time, over a great period of years, that there are solvents that would affect ink? That has been more or less common knowledge?

A. Yes. In the label industry, when you come to stick a label on a bottle or a can—that goes back a long ways. [54] The pastes themselves used to have a bad effect. They had the action of alkali. They used to be used on bottles containing alcoholic liquid, perfume bottles. That is an old problem in this business, dating back to the inception of the industry, and there is nothing you can do about that at all.

The Court: In other words, it has been generally known that there was a solvent that would cut printed matter? A. That is right.

The Court: It is also well known, isn't it, that there is a solvent that will dissolve celluloid material?

A. Yes. That also goes back many, many years.

The Court: To a man skilled in the profession there is nothing about the ink combinations here that is unusual?

A. No. It hasn't been unusual for the past 20 years anyway, maybe longer than that. My recollection goes

(Testimony of David Horwitz)

back to the years I was working in the press room, when they were making identification tabs. At the old John C. Moore Corporation in New York City, we were playing around in those days with the fusing together of two parts of celluloid, having a gummed flag of fabric attached to it. That goes back to 1910 and 1911.

The Court: Has there ever been a time when you have before been confronted with the problem of working out an identification card? A. No, sir. [55]

The Court: Is that the first time?

A. This is the first time, to my knowledge, and, if I may elaborate on that a little bit, I have covered the graphic arts field for 40 years now, and there has never been a time or an industry other than the one created by the present emergency that made that kind of thing necessary and essential. In this war they have found this kind of thing completely essential and necessary in the creation of small industries, this identification proposition.

The Court: Is there anything about this, or what is there about this that—

A. I don't believe that anybody before had conceived the idea of a foolproof, forgery-proof identification pocket, and the question was to make them so foolproof that nobody could possibly tamper with them, and that was something new.

The Court: You had not used the—

A. None other than what I have done with the Western Lithograph Company. I have been their service man now for many years.

The Court: Had you used this method before you became licensed under this patent?

A. I don't work for the Western.

(Testimony of David Horwitz)

The Court: You don't work for the Western?

A. No. I am an independent ink manufacturer, but I am also a chemist and a consultant. [56]

Cross-Examination

Q. By Mr. Frederick W. Lyon: Who is your employer?

A. I am vice-president of the Graphic Arts Ink Corporation.

Q. Is that a corporation?

A. Yes, a California corporation.

Q. That company is a manufacturer of inks?

A. We manufacture printing and lithographic inks, inks for the graphic arts industry, generally speaking.

Q. Is it not true that for 20 odd years or much longer that ink problems have had to do with producing a fixed ink?

A. Will you explain what you mean by a "fixed ink"?

Q. An ink that would not dissolve, bleed or leach in alcohol esters?

A. It is still a problem.

Q. You haven't succeeded ever in manufacturing a fixed ink?

A. Not for the printing and lithographic arts, industries, no.

Q. But any ink that was used up to today would bleed or run?

A. Not necessarily. I want to get this clear. I made a statement before, and I want to clarify the thing, if I may. You can absorb into the surface of the paper a sufficient degree of pigment so that that pigment remains after the vehicle has been washed out. Nonetheless, when ink is [57] entirely broken down, it loses its value as a

(Testimony of David Horwitz)

pigment media, because then, in subsequent handling, you have nothing to hold that pigment. We have never succeeded in making an ink that would resist the action of a cellulose solvent. That was what I meant. The question of the bleeding of color is an entirely different proposition. Then we can use a select pigment that will commonly bleed under the action of almost any solvent.

Q. Is it not true that for 20 or 30 years those facts have all been well known, that you just gave? That is not something that you just discovered recently?

A. No.

Q. In other words, an ink that would bleed under these solvents was known? A. Certainly.

Q. And also isn't it true that the manufacture of ink that would not bleed has been a problem in the industry?

A. That is right, and it still is a problem.

Q. Under any solvent? A. That is correct.

Q. It is true, isn't it, that any ink manufactured will be defaced, so that tampering with it would seem, when acetone or ketone are applied to it?

A. No. You can make a non-soluble carbon black, for example, that will bond itself into the fibre of the paper and pigment. If I could elucidate a little bit, you might [58] be able to wash this acetate off, and you would still have a residue of ink on there that might not have been badly defaced, but when you try to build it up again to what it originally was, that is when your troubles would come. They might be able to remove that in fairly good shape, but they would never be able to build it up again. The minute heat was applied to it the red would turn to brown on the paper.

(Testimony of David Horwitz)

Q. Then there is no ink which could be applied, even today, to cards in these cellulose acetate covers, under heat and pressure, which, upon dissolving the cellulose acetate covers, could be re-coated, without destruction of the printed matter?

A. Not without so defacing it that it would be easily recognizable as having been tampered with.

Q. I will show you this photostatic copy of "Handbook of Plastics," and ask you if you are familiar with that text? A. I am not.

Q. I call your attention in that photostat to page 733.

A. Yes.

Q. Where it states, at the bottom, "Cellulose Ester Plastics." Do you agree with the statement therein that—

A. In the first place, I am not a specialist on plastics, and I would be very foolish to take issue with national authorities. I am an ink, varnish and pigment specialist, but not a specialist on plastics.

Q. You are not familiar with the various solvents for [59] cellulose acetate?

A. Yes, I am familiar with solvents, and I remember them.

Q. All of them? A. Not all of them.

Q. There are hundreds of them?

A. Quite a number of them.

Q. You don't know of your own knowledge whether or not all the esters, for instance, that will dissolve cellulose acetate will dissolve the ink?

A. I would say from my experience that they would break—

(Testimony of David Horwitz)

Q. All of them?

A. They all would break down the vehicles that are used in printing ink. I think I could safely say, without a single exception, that they will destroy the fabric construction of that ink.

Q. By the word "acetate" which you have used several times, you mean "cellulose acetate"?

A. Yes. That is a commonly used transparent sheet material.

Q. And where you have used the word "acetate" in which it dissolves the ink, you meant the solvent for the acetate?

A. That is right—ethyl acetate or acetone.

Q. What were the solvents you had to bleed the inks that were required by the Navy in those tests?

A. Those tests were made down at the Navy Base at San [60] Pedro. The solvents that were used were used by the Navy. The tests I made, I made with both acetone and ethyl acetate. What the Navy used I am not sure of.

Q. I wanted what you used.

A. I used acetone and ethyl acetate.

Q. Do you know of any other color of ink but the carbon black you testified to that would not be subject to these—

A. Yes. Any of what is known as the monastral group, and the sulphocyanine colors. We have also a series of tungstated and molybdated colors that are highly resistant. They are recent inventions of the past five or six years.

(Testimony of David Horwitz)

Q. They were not in common use in 1934?

A. The patent for the monastral colors was filed prior to 1934. It is a British patent, and the DuPont Company here was licensed prior to 1934 for its distribution. The tungstated and molybdated colors were originated by the Sinclair and Valentine Company in New York City, and came into fairly common use within the past seven or eight years. Prior to that they had been more or less laboratory experiments. They had been used and tried in a limited number of areas, but they did not come into general use until, you might say, all the bugs were taken out of them. There was some difficulty that had to be ironed out, but they didn't come into general usage until recent years.

Q. And such colors were the exception and not the general rule in the ink business in 1934? [61]

A. In 1934 the monastral blues were beginning to be widely used. They filled a crying need in the industry. They came into immediate use and were widely used.

Q. Was that true as early as 1930?

A. Not in the United States. Monastral blues, I believe, were used in England before DuPont received the license in 1930, and possibly prior to 1930.

Q. Do you definitely say that anything under the lamp black colors that were fixed were unknown prior to 1911?

A. No, I wouldn't want to commit myself, because there had been so much research and laboratory experimentation on that thing that might not have been put into commercial use, that I wouldn't want to go on record.

(Testimony of David Horwitz)

Q. They were merely laboratory experiments, if any were known?

A. If any were known, yes. They were not in general usage, I would say, prior to 1911. May I qualify that, if you please? May I qualify that?

Q. Yes.

A. There are two other colors. There is the ultramarine blue, which is just as permanent as the lamp black, and the Prussian blue also, that could also qualify in the same category as the lamp black. They might not have the same laboratory rating, but they would have been perfectly satisfactory from the standpoint of the printer or lithographer.

Q. Those would not have been bleeding inks? [62]

A. No; they were very stable.

Q. Were they known prior to 1911?

A. Yes; I would say back into the inception of the printing ink industry, from the very first.

Q. Those are what you roughly call blue shades, only two shades.

A. Only in those shades. There is English vermillion, mercury red, and your chrome yellows are also extremely stable and permanent. I went off the deep end when I limited myself to the black.

Mr. Frederick W. Lyon: That is all.

The Court: Did you ever study this patent?

A. The only thing I know about it, I just briefly glanced at some of these things in the attorney's office yesterday afternoon. I didn't make any study of it. I was up there for a little over an hour, and he had a

(Testimony of David Horwitz)

sheath of documents he called to my attention, and I looked at them. I know very little about what is involved here.

The Court: I understand from your testimony that, generally speaking, any celluloid material that can be dissolved or that is susceptible of dissolving, the solvent would also affect the ink?

A. The same solvent would affect the ink, yes, and I think the word "affect" is used advisedly there, because it would affect it in varying degrees. In some instances it will take it out completely, and in others it will take it [63] out in more modified ways, and in other cases it would destroy the fabric of that ink. The ink is no longer the same after it has been hit by that solvent.

The Court: I think that is all.

Redirect Examination

Q. By Mr. Franklin: You say that different solvents affect the ink to different degrees. That being the case, would you say that all solvents that would dissolve cellulose acetate would be sufficient to dissolve the ink in such a way that it would show up on the card to show that it had been tampered with?

A. I would say that any solvent that will take that cellulose acetate off would affect the printed matter there to a degree that it would show tampering.

Mr. Franklin: That is all.

The Court: Any further testimony, Mr. Franklin?

Mr. Franklin: No. That will be all. We rest.

The Court: You may proceed, Mr. Lyon. [64]

(Testimony of David Horwitz)

Mr. Frederick W. Lyon: I will offer as the exhibit next in order certain pages from Handbook of Plastics, by Herbert R. Simonds, by D. Van Nostrand Company, New York, and the pages consist of the title page, pages 733, 734, 774, 775, 776, 777 and 959. The purpose of this offer is to merely acquaint the court with what some of these terms like "cellulose nitrate" and "cellulose acetate," and the various solvents and materials that are used in it are, so that the terms will be familiar.

Mr. Frederick S. Lyon: It is a standard textbook, and we are presenting it so that it will be available to the court.

The Court: Any objection?

Mr. Franklin: What is the date of that?

Mr. Frederick W. Lyon: 1943. We are not using this as prior art. It is a textbook to show what "cellulose acetate" and "celluloid" are.

Mr. Franklin: It is dated after the filing of the patent in suit. I don't see that it is relevant, and I just object on the ground that it is irrelevant and immaterial.

The Court: The patent in suit refers to celluloid?

Mr. Franklin: Yes.

Mr. Frederick W. Lyon: In the description of what the plastic covering is, it refers to it as celluloid, in column 1, page 1, starting at line 47: [65]

"The cover is preferably made of a material, such as celluloid."

We want to show, merely for the purpose of the record, that esters, cellulose nitrate, celluloid, etc., are plastics that could be used and are used for this purpose.

Mr. Frederick S. Lyon: And the patent, at page 2, line 44, refers to "Cellophane."

The Court: Page 2, line 44?

(Testimony of David Horwitz)

Mr. Frederick S. Lyon: Line 44: "The sheet in this case must, of course, be of transparent form, such as Cellophane."

The purpose is not to take the time of the expert simply to define those terms and what they mean.

The Court: I don't know, under the objection here, how the court can admit it.

Mr. Franklin: If your Honor please, as to Cellophane—

The Court: I have an objection before me on the admission of this textbook defining various terms for the education of the court. It is a matter of common knowledge in the art, isn't it?

Mr. Frederick W. Lyon: That is right, your Honor.

The Court: You can give me a reference to that in any brief that may be filed. It will have the same effect. Maybe I can get the whole book then.

Mr. Frederick W. Lyon: Maybe we can just put this in for identification, so that you will have it before you if you [66] want to see it.

The Court: Yes.

The Clerk: Plaintiff's Exhibit 2 for identification.

Mr. Franklin: The defendant's cellophane patent here—

The Court: Let us not argue the matter now. I want to hear the evidence. Proceed, Mr. Lyon, with your evidence.

Mr. Frederick W. Lyon: I offer as Defendant's exhibit next in order the patent to Goodsell and Maynard,

No. 1,071,226. Is there any objection to that being offered?

Mr. Franklin: No.

The Clerk: That one will be Plaintiff's Exhibit 3.

[Plaintiff's Exhibit No. 3 is hereinafter inserted in this Transcript at pages 137 to 140, inclusive.]

Mr. Frederick W. Lyon: And the patent to Wilson, No. 953,081, as Defendant's exhibit next in order.

The Clerk: Plaintiff's Exhibit 4.

[Plaintiff's Exhibit No. 4 is hereinafter inserted in this Transcript at pages 141 to 144, inclusive.]

Mr. Frederick W. Lyon: Any objection to that?

Mr. Franklin: No. If the court please. I referred to the fact that there were about 17 patents set up in this suit, showing the prior art. That seems to be a great many patents.

The Court: If they have 500, they have a right to offer them, haven't they?

Mr. Franklin: I suppose they have, but I know we had a case before Judge McCormick one time, and the other side offered too many patents, and Judge McCormick said, "You ought to be able to anticipate—"

The Court: But that is another lawsuit. [67]

Mr. Franklin: It was done in that case, a more complicated case than this.

Mr. Frederick W. Lyon: I offer in evidence as plaintiff's next in order the patent to Longmessenger, patent No. 1,390,959.

The Clerk: Plaintiff's Exhibit No. 5.

[Plaintiff's Exhibit No. 5 is hereinafter inserted in this Transcript at pages 145 to 148, inclusive.]

Mr. Frederick W. Lyon: And as Plaintiff's exhibit next in order the patent to Kimber, No. 894,664.

The Clerk: Plaintiff's Exhibit 6.

[Plaintiff's Exhibit No. 6 is hereinafter inserted in this Transcript at pages 149 to 152, inclusive.]

Mr. Frederick W. Lyon: And I will offer as Plaintiff's exhibit next in order the patent to Walsh and Caprio, No. 2,079,641.

The Clerk: Exhibit 7.

[Plaintiff's Exhibit No. 7 is hereinafter inserted in this Transcript at pages 153 to 156, inclusive.]

Mr. Frederick W. Lyon: In connection with this patent, as the same was issued after the patent in suit, but was filed more than four years prior, it is to show prior knowledge, for that reason, so that it will not be claimed that the patent as finally issued was not what was filed four years prior.

I will offer as Plaintiff's Exhibit next in order certified copy of the application of Walsh and Caprio, as originally filed in the Patent Office. And also, to make one correction in the printed patent as finally issued, the original application as filed shows that on Plaintiff's Exhibit 7, column 2, where it says "Formula B," there is a misspelled word, "Cellupose nitrate," where the original says "Cellulose." [68]

The Clerk: Plaintiff's Exhibit 8.

Mr. Frederick W. Lyon: I will offer in evidence the depositions of Mr. Ballou and Mr. Kruger, taken on June—

The Court: Mr. Kruger's deposition is not admissible. He is here in court and he has testified.

Mr. Frederick W. Lyon: It is admissible to show any change of testimony.

The Court: He is here. If there was any change you had a right to call his attention to it and ask for an explanation.

Mr. Frederick W. Lyon: All right. Then I just merely offer the deposition of Mr. Ballou.

Mr. Franklin: I object to this. It hasn't been signed. I don't know whether he has read it over, but it hasn't been signed.

The Court: How about that? The deposition has never been signed.

Mr. Frederick W. Lyon: They stated, your Honor, that Mr. Ballou would be here at the trial, so we have not bothered with having it signed prior to this.

Mr. Franklin: I never stated that he would be here.

The Court: Certainly, if the deposition does not bear his signature it is not admissible, counsel.

Mr. Frederick W. Lyon: We will call Mr. Whitehead. [69]

NED WHITEHEAD,

called as a witness on behalf of plaintiff and cross-defendant, being first duly sworn, testified as follows:

The Clerk: State your name, please.

A. Ned Whitehead.

Direct Examination

Q. By Mr. Frederick W. Lyon: You are the plaintiff and counter-defendant in this case? A. Yes, sir.

Q. You are doing business under the fictitious name of Whitehead & Company?

A. Whitehead & Company.

Q. Will you state your principal business?

A. I manufacture hydraulic laminating equipment and identification cards.

Q. Are you familiar with the various inks used in printing? A. Yes.

Q. The identification cards? A. Yes.

Q. Have you had occasion to request from the ink manufacturers a printing ink?

A. Yes. I went all the way to New York and talked to the leaders in the field for that purpose.

(Testimony of Ned Whitehead)

Q. Are you familiar with the solvents that can be used to dissolve cellulose acetate? [70]

A. Yes. I made tests with a great many of them, of course not all of them, but I have tested many, many of them.

Q. What have you found happens when inks are subjected to these various solvents that you are familiar with?

A. Well, in some cases certain inks will be attacked by the solvents. Take acetone, acetone will attack a great many inks, perhaps hundreds of them, more than any of the other solvents that would dissolve a cellulose acetate cover, which might be laminated.

Q. What happens to inks when other solvents are used?

A. I found inks that acetone would attack, and yet other solvents that would attack the plastic would not attack that particular ink.

Q. Has any manufacturer of inks produced for you an ink that would disfigure under all solvents, such as cellulose acetate, with which you are familiar?

A. No. I have been unable to get a manufacturer to produce such an ink.

Q. I show you a series of cards and ask you to tell me what they are.

A. These are colors that were sent to me as wet samples, which you would put in a roll and roll across paper, and printing press ink would be applied in a press, for instance. I made a great many tests to see how various solvents or chemicals would attack these particular inks, in trying to find out which colors would be the safest to use for [71] identification cards. This readily shows that some particular colors, for example, the green one—I

(Testimony of Ned Whitehead)

might identify it by the number RT-806—while acetone or methol ethyl ketone attacks this particular color of ink and changes its color by doing so, I presume the—frankly I don't know whether the—but anyway, it changes the color, and some of these chemicals change the color the way this shows while other chemicals do not seem to change it at all.

Q. There are certain names on the right-hand column here. Will you tell me what those refer to?

A. Ethyl acetate does not change the color.

Q. What is ethyl acetate?

A. That is an ester generally known. Methol ethyl ketone is a ketone.

Q. Are all those chemicals listed in the solvents?

A. Every one of them.

Q. Cellulose acetate? A. It is a good solvent.

Q. Then from the chart you are referring to now, which has on the left-hand border the statement, "Green RT-806," you would say that methol ethyl ketone would disfigure the ink so that it would be readily recognizable in an identification card which has been tampered with?

A. Yes.

Q. While ethyl acetate and butyl acetate and methyl formate, for instance, would not? [72] A. No.

Mr. Frederick W. Lyon: I offer that as the plaintiff's exhibit next in order.

The Clerk: Plaintiff's Exhibit 9.

Mr. Frederick W. Lyon: Mark it 9-A, please.

The Clerk: Exhibit 9-A.

Q. By Mr. Frederick W. Lyon: What do you find about the card marked "Blue MD-18548," what does that show? A. The same as the green.

(Testimony of Ned Whitehead)

Q. The same chemicals that would disface the color in the green ones, but other solvents do not disface it?

A. Do not change it at all. They are all, generally speaking, the same.

Q. All of the rest of these cards are the same?

A. Generally.

Q. I call your attention to one specifically, "Red RT-814." I call your attention to the fact that the butyl acetate on here, when looked at this way carefully, you can see that it is slightly changed in color. Would that be sufficient to ground a card at a plant?

A. No. This identification card, for example, if this was exposed to the sunlight for 24 hours, it would probably fade more than it is here, because it naturally fades when exposed to the sun. It would probably be almost white by night. And red fades, the color, and particularly blue.

Mr. Frederick W. Lyon: I will offer these as Plaintiff's [73] Exhibits 9-A, 9-B, 9-C, 9-D, 9-E, 9-F, 9-G, and 9-H.

Q. By Mr. Frederick W. Lyon: Summing up your testimony, Mr. Whitehead, it is that you have been manufacturing identification cards for some time?

The Court: For how long?

A. Since January 1, 1942.

The Court: What was your business prior to that time?

A. Manager Jeffries Banknote Company, as a salesman, and 10 years before that I was with an art company.

(Testimony of Ned Whitehead)

Q. By Mr. Frederick W. Lyon: During all that time have you made continuous requests for ink that will bleed in these solvents, from the various companies?

A. Yes.

Q. And no company has ever been able to send you ink that would bleed in even half of the known solvents?

A. No.

Mr. Frederick W. Lyon: That is all.

The Court: What did you start to make—identification cards first, or the machine?

A. Well, the machine, first. I had gotten a patent on that.

Q. You had a patent on the machine, and that was for the making and pressing of the celluloid sheets together?

A. A portable machine that every war plant would put in.

The Court: And how did you come to develop the identification card business? [74]

A. After selling identification cards for 10 or 12 years, to help employees cash paychecks, the same as the old A, B, C Company, one of the big problems in making this identification card was to identify employees, to help them cash paychecks, and one of the big problems was keeping the photograph on the card. And, I don't know just when it was—probably about 1939—I was approached by a firm in town known as the Kirk Manufacturing Company, why not laminate these cards in plastic? And then I conceived the idea of making a portable machine to do the laminating, for each war plant to do their own laminating.

(Testimony of Ned Whitehead)

The Court: What I am getting at is, you are using a card, as you are using the machine, under heat and pressure, whereby the ink on the card is subject to being dissolved by the same material that dissolves the plastic material?

A. Yes; I got that from Kirk. I notice when I first went there that they were laminating menus for the Southern Pacific. This was long—

The Court: That is all. Did you say you introduced this method before you ever heard of this patent?

A. Sure. Kirk was manufacturing it. All the inks bleed more or less. I noticed down there—the thing that interested me was that laminating of menus for the Southern Pacific, and these menus looked entirely as if they were laminated before they were sealed in plastic, and he explained to me that when they were laminating these things the ink [75] bled, to give it a third dimension, and made it much more beautiful, and I realized that these cards would have certain advantages if they had a bleeding ink that would dissolve when you dissolve the plastic.

The Court: That is all.

Cross-Examination

Q. By Mr. Franklin: You said that you went to certain companies to get these inks that bled under certain solvents. Will you name those companies?

A. I said I went to a company. That was Fuch-Lang, in New York. They are a division of the General Printing Corporation.

Q. That was one company you went to?

A. Yes.

(Testimony of Ned Whitehead)

Q. They couldn't make the ink, you say?

A. That would bleed in all solvents, no.

Q. That was the only company you went to?

A. I can remember that—there have been many companies that have called on me and on the Jeffries Bank-note Company, after they knew we were selling an ink. I was only working for Jeffries then.

Q. These colors in these diagrams here were tested without having had an acetate sheet or heat or pressure applied, were they not?

A. That does not make any difference in lamination.

Q. Without the acetate sheet, heat or pressure, you say [76] that doesn't make any difference?

A. Not a bit.

Q. How did you happen to get the inks that were suitable for making this card?

A. I bought them.

Q. Well, you could buy them on the market then?

A. Yes. I wanted to get one that would be dissolvable in all solvents.

Q. Well, you didn't have any trouble to get an ink that would be dissolved by the same solvents that would dissolve the cellulose acetate?

A. That wouldn't be any good for identification cards. How do you know they wouldn't get a solvent that would hurt the ink, and then you wouldn't have an identification card that was foolproof.

Q. You manufacture an identification card where the solvents that dissolve the cover will dissolve the ink; isn't that a fact?

A. Not all solvents, no.

Q. But some solvents will? A. Yes.

Q. Acetone, for example? A. Yes, acetone.

(Testimony of Ned Whitehead)

Q. You had no trouble in buying that ink from an ink maker, did you? A. What ink? [77]

Q. Ink that would dissolve in the same solvent that would dissolve the cellulose acetate?

A. Yes, we did.

Q. You had some difficulty?

A. Sure. You can't get it.

Q. Didn't you consult somebody, a chemist, to find out?

A. Fuch & Lang, the biggest in the business.

Q. Do you know William Knapp, an ink man for Jeffries Banknote Company?

A. No, I don't know him. He never called on me.

Q. You worked at the Jeffries Banknote Company?

A. Yes. I was in the sales end of the business. He never called on me.

Q. And you never had any conversation about producing an ink that would bleed in acetone and dissolve the coloring?

A. No. I don't remember talking to him at all. How long ago was this that you are referring to?

Q. I would say around in 1942.

Mr. Frederick S. Lyon: If that is for the purpose of impeachment, I object on the ground that the time, place and circumstances should be stated.

The Court: He already answered the question of fact. The witness said, "When was it?" I don't know why counsel should submit to examination, but he is willing to do so.

The Witness: I wasn't even with the Jeffries Banknote Company then. [78]

(Testimony of Ned Whitehead)

Q. By Mr. Franklin: In 1942?

A. No. I just testified that I started in business for myself in 1942.

Q. What time?

A. January 1, 1942, under the name of Whitehead & Company.

Q. Did you discuss this matter of inks with Mr. Knapp or an ink maker prior to the time that you started to manufacture your identification cards?

A. Certainly. That is why I went to New York, to see the General Printing Corporation, Fuch-Lang printing ink division, their ink chemists.

Q. You had no difficulty in getting the ink that you used for your identification cards?

A. I just testified that he couldn't give me an ink that would bleed in all cases.

Q. But a chemist there made you the ink, did he not?

A. No. They can't make it.

Q. Not in all solvents—I am not talking about all solvents.

A. You said "solvents".

Q. Solvents that will dissolve both the cover, cellulose acetate, and the ink.

A. Read the question back to me again.

(Question read by the reporter.)

A. I have answered it three or four times. [79]

The Court: Just answer the question. Don't talk to me. You are a witness here, and we are not asking for any comments from you. Just answer the question. Counsel will put in any objection that is necessary. Just remember that I happen to be running this court. You

(Testimony of Ned Whitehead)

can run your own place of business, but I am running this show. Is there any question pending?

The Witness: I don't understand the question.

Q. By Mr. Franklin: In your identification cards you use an ink which dissolves in the same solvent that dissolves the cover, cellulose acetate; isn't that a fact?

A. Yes.

Q. How were you able to produce that ink, if nobody could produce it for you, but you did in fact produce it, did you not?

A. No. Fuch-Lang attempted to make me an ink that would dissolve in all solvents that would dissolve the cover, and they have been unable to do so.

The Court: As I understand your testimony, it is that all solvents that affect the cover do not, of necessity, cause those inks to bleed? , A. That is right.

Q. By Mr. Franklin: But there are some solvents, such as acetone, that will cause ink to bleed, as well as dissolve the cover, the cellulose acetate; is that correct?

A. Yes. [80]

Q. And you had no difficulty in finding someone to produce an ink of that kind, did you? A. No.

Mr. Franklin: I think that is all.

Redirect Examination.

Q. By Mr. Frederick W. Lyon: Would there be any advantage in an identification card to be soluble in acetate and the ink would disappear in acetone, but in which the cover would be soluble in ethyl acetate, for instance?

A. It would be absolutely worthless.

Q. As far as printing ink characteristics are concerned?

A. Yes.

(Testimony of Ned Whitehead)

Q. Why is that true?

A. An identification card is supposed to identify, and if it is possible to dissolve the cover away and not affect the ink, then you haven't accomplished your purpose.

Q. And the inks used in your cards are ordinarily soluble and will bleed and run or be disfigured in acetone?

A. Yes.

Q. But they will not be disfigured in all of these various solvents, with the cover? A. Unfortunately, no.

Mr. Frederick W. Lyon: That is all.

Recross-Examination.

Q. By Mr. Franklin: Do you put the cards together, that is, put the cards between the transparent sheets, covers, or [81] who does that? A. No, I don't do it.

Q. Just what do you do in the manufacture of these identification cards?

A. I manufacture the laminating equipment; I manufacture the paper, and print the ink on the paper, and I supply that, along with the plastic, on the open market to my customers.

Q. And they put them together; is that it?

A. That is right.

Q. And they put the printed sheet between the two plastics and press them under heat treatment?

A. Yes.

The Court: Do I understand that in your business you make the material from which the various airplane companies, etc., make up their own identification cards?

A. Yes.

(Testimony of Ned Whitehead)

Redirect Examination.

Q. By Mr. Frederick W. Lyon: It is true, though, that you have made numerous of these cards?

A. For samples and for testing purposes, yes.

Mr. Frederick W. Lyon: That is all.

Mr. Franklin: I have nothing further.

Mr. Frederick W. Lyon: That is all. The plaintiff rests.

The Court: Any additional evidence?

Mr. Franklin: There are certain patents which were introduced in evidence, and I want to put Mr. Kruger on the [82] stand to interpret those patents and state what they show. There has been no evidence as to what those patents show.

The Court: Let me ask you a question, gentlemen. Here is a man that manufactures parts. Where is there any infringement?

Mr. Frederick W. Lyon: Your Honor, even the manufacture of one card is an infringement of this patent.

The Court: I know, but he hasn't manufactured them for sale for profit. The defendant certainly couldn't recover anything, because he couldn't show any damage, could he?

Mr. Frederick W. Lyon: We never believed that he could, but at the same time he has been charged with infringement, and we are certainly entitled to determine that point.

The Court: Well, I am willing to listen to that. Proceed. Do you want to put Mr. Kruger on? Proceed. We will have the argument after we have the evidence.

Mr. Franklin: I haven't got the list of exhibits here, and I will ask counsel to give me those.

(Testimony of Ned Whitehead)

The Clerk: Here they are.

Mr. Frederick S. Lyon: I would like to ask the witness one other question, in view of the question your Honor asked, and I think he can answer it there.

Q. By Mr. Frederick S. Lyon: You stated that you do not yourself make these cards for your customers. What is your relation to your customers with regard to such cards?

A. On the back of almost all purchase orders when [83] received from the government or from war plants, there is a place where you guarantee to protect them from any patent infringement.

Q. Is that true about the Lockheed Aircraft Corporation?
A. Yes.

Mr. Frederick S. Lyon: That is all.

Mr. Franklin: Now Mr. Kruger. [84]

OTTO H. KRUGER,

a witness heretofore duly sworn on behalf of defendant, upon being recalled in rebuttal, testified as follows:

Direct Examination.

Q. By Mr. Franklin: First take up the Goodsell patent. That is Plaintiff's Exhibit No. 3. Do you find anything in that patent that states that a printing ink is used which will dissolve in the same solvent that might be applied to dissolve the cover?

Mr. Frederick S. Lyon: I object to that on the ground that it is leading and suggestive and not a proper method of proof. The patent speaks for itself. It is not proper testimony.

(Testimony of Otto H. Kruger)

The Court: I think it is stipulated that it doesn't, isn't it?

Mr. Frederick S. Lyon: It does not refer to the character of the ink at all.

Mr. Franklin: This patent is set up as an anticipation of the patent in suit, and they just introduced it in evidence, and they didn't point out any particular thing that—

The Court: Isn't that a matter of argument?

Mr. Franklin: Well, I think it is a matter of interpretation, and Mr. Kruger is a patent expert, and I think we really should have some information on what this patent covers, or at least we ought to make a record. [85]

The Court: The court can read.

Q. By Mr. Franklin: Well, will you state what is the general nature of that invention?

The Court: Isn't that the patent that covers these tags that are used, celluloid or cellophane, where a covering is put around a tree or bush and sealed, so that the name of the trees and bushes would be permanent? Doesn't that cover the subject matter of that patent?

Mr. Franklin: That is the way I look at it.

Q. By Mr. Franklin: That is not an identification card, is it?

Mr. Frederick S. Lyon: We object to that. It is not a proper subject for expert testimony.

Mr. Franklin: I think it is.

Mr. Frederick S. Lyon: If there is anything that is abstruse or needs explanation, electrically or physically or chemically, that is a subject matter for expert testimony. The import of the document as a whole shows what it is.

(Testimony of Otto H. Kruger)

The Court: That is my viewpoint. That is the attitude I take on these patents. Unless there are some technical terms used in the patent, or some art, something that would give me information I can read them pretty well myself.

Mr. Franklin: I understand that, but there are some statements made in some of those patents which we question, and we are prepared to make some demonstrations here.

Q. By Mr. Franklin: That Goodsell patent, was that cited [86] by the Patent Office?

Mr. Frederick S. Lyon: That is objected to, your Honor.

The Court: The record speaks for itself. The file wrapper is in evidence, and it speaks for itself.

Mr. Franklin: Well, that was considered by the Patent Office.

The Court: That does not bind me.

Mr. Franklin: No.

The Court: Gentlemen, I think you are wasting your time with me. I think he should get down to the narrow field of this identification card, where it involves the ink. Now, if this is a patentable subject matter, if you eliminate the ink from it, it is as old as the hills.

Q. By Mr. Franklin: Now, take up that Wilson patent. That is Exhibit No. 4. Have you made any demonstration concerning that patent?

A. Yes; I can demonstrate it, if the court wishes it. In order to demonstrate that that same patent refers to a sizing, it was later on brought out that the writing is put on top of it, and when it is put on top of it it can be washed out without any difficulty, as I can show, but

(Testimony of Otto H. Kruger)

otherwise it would be quite clear. But if we provide a coating of the class referred to in that case, that is, sizing, or of that class, if at any place in that patent it then refers to a chemical for the purpose of removing any part, that becomes ridiculous, or then that patent is invalid, on the [87] ground that chemicals are not necessary, and I don't think that patent should be considered. I merely say that the patent was meant the way it is intended, that it is a sizing, and when it is on the top it is worthless. If it is put on the top of such a coating no chemical is necessary, because common writing can easily be washed off or wiped off with plain water.

The Court: Gentlemen, I think we will take a recess until 3:30.

(Short recess.)

The Court: Proceed, gentlemen.

Mr. Franklin: I understand the court doesn't care to hear any testimony as to what these patents cover, and the other files, that you are sufficiently familiar with them to understand them?

The Court: I don't know that I understand them. I am not going to foreclose you. But I don't need an expert to tell me what the English language means. I am not going to foreclose you. I will pass on it when the time comes. In other words, you are not going to place the responsibility on the court for the witness not telling his whole story.

Mr. Franklin: No. All I wanted to do was to point out certain features of the patent in suit that are lacking in these prior patents.

The Court: Gentlemen, I am going to require briefs in this case, so that I will have them before me. I am willing [88] to have any discussion on that subject matter that counsel desires to offer.

Mr. Frederick S. Lyon: Yes. Of course, that can be brought out in a brief very well, I think to the best advantage and, that being the case, as you say, the patents speak for themselves, and we can point out anything in the patents in our argument or brief that the witness can point out in court. It is a matter of argument, and the parties in the case happen to be a patent attorney and—

The Court: It is just argument, that is all, a form of witness' testimony.

Mr. Franklin: Yes. I don't think I will continue any further on these prior patents, but we will just leave it and bring out those points in our brief, and we will rest our case, close our case now.

The Court: Any additional testimony?

Mr. Frederick W. Lyon: No, your Honor.

The Court: Gentlemen, there are certain comments that I desire to make that may be of aid to you in preparing your briefs. I will give you some things that I am thinking about and have thought about in this case.

While the patent has been referred to as a simple patent, yet it indicates that there has been an improvement here of technique in the making of identification cards which have some features that are quite unique. I am rather amused at the theories of the parties in the case. The defendant, [89] through his expert, offered evidence that any solvent that would affect the covering would also affect the ink. That testimony was undoubtedly offered to show that the patent would be clear to anybody skilled in the art. On the other hand, the plaintiff's testimony was just to the contrary. The thought that I had in mind in listening to the testimony was this, that if the printed matter underneath the celluloid was generally susceptible to the same solvents, then would there be anything to patent? In other words, would there be any discovery? In other words, I assumed in this case that the plaintiff would take the position that if you put the two together, they would naturally be affected by the same solvents. But you each have taken the other horn of the dilemma, so I would like that feature discussed.

I want to say, however, that I am not very much impressed with the position of the plaintiff in this case, and if I can find against him on the law I am going to do it, if I can in good conscience, because the evidence here strongly indicates and has the flavor of using a man's patent or figuring on using it, and then, when he thinks he can beat it, to try it. That doesn't create a very sympathetic state of mind as far as the court is

concerned. You represent the plaintiff, and you have the burden in this case; and you have a burden that the court is going to view without a great deal of sympathy. However, irrespective of that, I will have to decide it on what I consider the law of [90] the case to be. It does appear that, in view of the testimony of the expert for the defendant, who appears to be a very well informed man, that a person skilled in the art on reading this patent would not have any too great difficulty in following it out.

I realize that the claims themselves are borderline claims, as to whether they come within the statutory provision. I have realized that ever since I have read the patent. As I understand the law, those claims must be considered with the evidence.

How long do you gentlemen wish to file your briefs? Really the plaintiff has filed his opening brief, in a sense, in his pre-trial statement, and, while the defendant filed a statement, there is not much of a discussion of the law, but a general indictment of everybody concerned. I feel that perhaps Mr. Franklin should file the opening brief, and that you should reply. I have had your theory of the case before me clearer than I have had the defendant's theory, because of the fact that the defendant has not been represented by counsel.

(Further discussion as to time for filing briefs.)

The Court: I want to dispose of this case while it is fresh in my mind, without having to read the transcript.

Mr. Frederick S. Lyon: Your Honor wishes a transcript filed, do you not?

The Court: I haven't any desire for it, as far as I am [91] concerned. You have a copy of the prior art. I want to say frankly that I am not impressed much by the prior art. In your brief you may be able to bring out something that I haven't observed. As far as the defendant is concerned, in his testimony he didn't offer anything additional to what he had in his opening statement. Otherwise you have the testimony of the expert for the defendant and the testimony of the plaintiff in the case, who is not an expert, because he said he was a salesman until he started in his own business in 1942. Up to that time he was in the sales end of the game. After that he started out on his own, making these machines for the purpose of manufacturing these identification cards.

Mr. Frederick S. Lyon: How much time does the defendant wish for the opening brief?

The Court: If you put it off too long I will have to have a transcript, I will tell you that, and of course you will have to have a transcript eventually, because nobody will be satisfied with what I do with it.

Mr. Frederick S. Lyon: Well, let us have a transcript.

Mr. Franklin: I don't know.

The Court: That is a matter for counsel. I am not requiring it. Sometimes both sides are unhappy, and always one side is; that is certain.

Mr. Franklin: I don't think we care about a transcript.

Mr. Frederick S. Lyon: I want a transcript of Horwitz's [92] testimony, so I will order a transcript of that much of the testimony for the brief.

The Court: Well, it is simple, and yet it isn't so simple. I am frank to say that after I have listened to a case usually I have pretty well concluded what I am going to do with it, unless there is something appears in the briefs to change my mind. In this case, I don't know, as far as this court is concerned. There is much to be said on both sides of the case.

I will give you 15 days to file your brief, and 15 days to reply.

[PLAINTIFF'S EXHIBIT NO. 6]

(Plaintiff's Exhibit 6)

No. 894,664.

PATENTED JULY 28, 1908.

E. KIMBER.

CHECK.

APPLICATION FILED MAR. 26, 1906.

Fig. 1.

7^d

ATTACH HERE FRACTIONAL CHECKS 10 CENTS OR OVER	BLANK NATIONAL BANK			
	No. <u>New York</u> 190			
ATTACH HERE FRACTIONAL CHECKS UNDER 10 CENTS	The Blank National Bank			
	Pay to the order of <u>Ten</u> \$10 ⁰⁰			
Dollars				
and cents shown by coupons attached				

b a c c c

Fig. 2.

	60	50	40	30
h	60¢	50¢	40¢	30¢
g	60	50	40	30
	60¢	50¢	40¢	30¢
	60	50	40	30
	60¢	50¢	40¢	30¢

Witnesses

Geo. A. Payne.
Samuel Turley.

Inventor

Emmor Kimber,
By Wilkinson & Fisher,
Attorneys

(Plaintiff's Exhibit 6)

UNITED STATES PATENT OFFICE.

EMMOR KIMBER, OF DORCHESTER, MASSACHUSETTS.

CHECK.

No. 894,664.

Specification of Letters Patent.

Patented July 28, 1908.

Application filed March 28, 1906. Serial No. 308,108.

To all whom it may concern:

Be it known that I, EMMOR KIMBER, a citizen of the United States, residing at Dorchester, in the county of Suffolk and State of Massachusetts, have invented certain new and useful Improvements in Checks; and I do hereby declare the following to be a full, clear, and exact description of the invention, such as will enable others skilled in the art to which it appertains to make and use the same.

My invention relates to improvements in checks, and the object of my invention is to provide a check which shall be secure against alteration, and in which the total amount of the check will be shown by the water marks in the paper itself.

In the accompanying drawings; Figure 1 is a view of the face of the check, and Fig. 2 is a face view of a sheet of stamps or coupons adapted to be attached thereto.

The check is made of tinted paper, of such a character that the action of alkalies thereon will destroy the tint, and the printing on the face of the check is done with ink sensitive to acids. The usual way of altering a check is to take out the ink marks by means of an acid or an alkali, to then restore the paper to its original condition by the use of an alkali or an acid, and then write in the desired amount. This cannot be done with a check made according to my invention without detection, because the tint of the check is sensitive to an alkali, and the ink thereon sensitive to an acid. After the ink has been taken out by an acid the application of an alkali to get rid of the effects of the acid and restore the paper to its original condition will destroy the tint of the paper, thus rendering detection easy.

Of course, the materials used may be reversed and the check may be tinted with a substance sensitive to an acid, and the printing done with an ink sensitive to an alkali.

Referring to the drawings, the check is in the main of the ordinary type, bearing at the top a blank number and date and the place of issuance and in the center the name of the bank on which the check is drawn, together with an order for the payment of money and the amount of money.

On the left the check has an extension separated therefrom by a line *a* leaving a space *b*, on the upper part of which space is printed the words "Attach here fractional

checks 10 cents or over", and near the bottom of the space *b* are the words "Attach here fractional checks under 10 cents".

The check is provided with a blank space *c* for the signature. The check is also water marked as follows. Preferably arranged near the top of the check is a water mark *d* giving the name of the bank by which the check is made, and on the body of the check is a water mark, such as *e*, giving the amount in dollars for which the check is made. The paper on which the checks are printed, is made, of course, in long strips, and the water marks are of such a size and placed in such a position that each check will contain a complete water mark showing the number of dollars for which the check is made.

In Fig. 2 is shown a sheet of stamps or coupons *f* separated from each other by a series of perforations *g*, so that they may be readily detached from each other. This sheet is provided with means for attaching the coupons to the main check, preferably by means of an adhesive substance placed upon the back of the sheet of coupons, but any desired method and means of attaching the coupons to the check proper may be used.

Each of the coupons or stamps has printed upon it its value, as shown at *h*, these values running from 10 cents to 90 cents and from 1 cent to 9 cents. Furthermore, each of the stamps has a water mark upon it, such as *i*, giving the exact value of the stamp or coupon. These sheets of coupons are made of tinted paper sensitive to the action of an alkali or an acid, and the printing thereon is done with ink sensitive to an acid or an alkali, as already described in connection with the check proper.

It results from the construction described that a check will be produced which cannot be altered without detection, and in which the entire amount of the check, both in dollars and cents will be shown in two ways: first by the printing or writing thereon, and second by the water marks on the paper.

Unlike the ordinary check, these checks are made in fixed amounts, one dollar, two dollars, five dollars, ten dollars, twenty dollars, and so on, and if it is desired to increase the amount of the check for convenience in business, this is done by using the coupons and attaching them to the main check.

Having thus described my invention, I

(Plaintiff's Exhibit 6)

2

894,664

what I claim as new and desire to secure by Letters Patent is:—

1. A check having water marks thereon indicating a specific sum in dollars, with
5 coupons attached thereto having thereon indications of their face value, said coupons being each water marked so that the entire amount of the check, with coupons attached, in dollars and cents, will be shown by the
10 water marks on the checks and coupons, said check having a tinted body and having printing thereon, the one being sensitive to an acid and the other to an alkali, substantially as described.
- 15 2. A check having water marked thereon the name of the bank on which it is drawn, and having also water marked thereon the exact sum in dollars for which the check is made, combined with coupons each having
20 water marked thereon a specific value, and having means for attaching them to the check proper, said check having a tinted

body and having printing thereon, the one being sensitive to an acid and the other to an alkali, substantially as described. 25

3. A check composed of tinted paper sensitive to an alkali and having water marked thereon the name of the bank on which it is drawn, and also having a water mark thereon designating the exact amount in dollars
30 of the check, said check having writing or printing thereon made with an ink sensitive to acids, and a series of coupons each having a specific face value, and having means for attaching them to the check proper, each of
35 said coupons bearing thereon a water mark denoting its value in cents, substantially as described.

In testimony whereof, I affix my signature, in presence of two witnesses.

EMMOR KIMBER.

Witnesses:

A. L. HOUGH,
W. MAX. DUVALL

No. 3116-BH-Civ Plfs Exhibit No. 6 Filed Sep 7 -
1944 Edmund L. Smith, Clerk, by MEW, Deputy Clerk.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien,
Clerk.

[PLAINTIFF'S EXHIBIT NO. 7]

Patented May 11, 1937

(Plaintiff's Exhibit 7)

2,079,641

UNITED STATES PATENT OFFICE

2,079,641

CEMENTING CELLULOSIC PLASTICS

James F. Walsh, South Orange, and Amerigo F. Caprio, Newark, N. J., assignors to Celluloid Corporation, a corporation of New Jersey

Application January 11, 1930, Serial No. 420,156

4 Claims. (Cl. 154-42)

This invention pertains to the general class of cements and particularly to the class of cements adapted for use in cementing cellulosic plastic materials.

Cellulosic plastic sheets, such for instance, as sheets made with cellulose nitrate or cellulose acetate are commonly used for veneering and compositing purposes, and designs, sketches, paintings, drawings, prints, etc. are often covered by the plastic.

In veneering and compositing operations volatile liquid solvents, or liquid cements containing volatile solvents, have generally been used between the surfaces to be joined. Such volatile liquid solvents or cements very often cause blushing, bubbles, and pockets between the composited parts and cause many colors to bleed or run, such as to produce very unsatisfactory results.

An object of our invention therefore, is to provide a cement which will not cause blushing, bubbles, or pockets and will not cause colors to run or bleed.

A further object of our invention is to provide novel means for veneering and compositing.

A further object of our invention is to provide a novel process for veneering and compositing.

A further object of our invention is to provide a novel veneered or composited product.

Many other objects and advantages will become apparent to persons skilled in the art as the specification proceeds.

In the drawing wherein like reference characters are appended to like parts throughout the various figures,

Figure 1 is a perspective view of a colored print.

Figure 2 is a section showing the parts in position ready for compositing the print shown in Figure 1 with a cellulosic plastic sheet.

Figure 3 is a perspective view showing the print composited with a cellulosic plastic sheet.

Figure 4 illustrates the position of the parts for compositing the print between two cellulosic plastic sheets.

Referring to the drawing wherein the parts are illustrated in somewhat exaggerated scale, the print 1 having a paper base, is shown for the purposes of illustration, having an outer colored surface 2.

Print 1 is to be composited with one or more sheets such as sheet 4 of cellulosic plastic. These sheets may or may not carry color, and are, of course, more or less pervious to light when covering parts which are to show through same.

It is assumed for the purposes of illustration that the color or colors of the print 1 have a tendency to run or bleed when the ordinary volatile liquid solvents or cements are used. To overcome this tendency of the colors to run or bleed, we use between sheet 4 and print 1, a cement 5 in sheet form comprising substantially

non-volatile solvents for the cellulosic plastic, preferably combined with at least a small proportion of the particular cellulosic plastic. The presence of at least a small proportion of the cellulosic plastic is particularly preferred where the non-volatile solvents are of an oily nature, in order that the cement may be maintained in sheet or other solid form. The use of a proportion of the cellulosic plastic also aids in producing a final product which is substantially homogeneous throughout, except for the print or its equivalent.

For the purposes of this specification and claims, the term "solid" includes semi-solid and similar forms which are slowly mobile under pressure, and the term "bleeding" includes running, smearing, etc., and the tendency toward same.

The compositing operation is preferably carried on by first using heat and pressure in a press or its equivalent, and then cooling without completely removing the pressure. During this operation the cement 5 which may be relatively thin compared to sheet 4, and which is thermoplastic, becomes a part of sheet 4 and welds sheet 4 and print 1 securely together.

The cement 5 being more or less of a firm nature, does not absorb the color from the print sufficiently to cause a running or bleeding, nor does it flow during the compositing operation sufficiently to cause this effect.

Sheets 5 of cement may be made by any of the processes used in making cellulosic plastic sheets such as mixing of components, preferably with a volatile solvent and flowing on a film wheel, block pressing and sheeting, or extrusion through a die. The sheets 5 may be of any desired thickness. We have successfully used such sheets of cement ranging from 0.005 to 0.030 of an inch in thickness. The cement, of course, may be in any other than sheet form. The finished panel 6 may, of course, be polished or given a matt finish or otherwise processed by any means known in the art.

While we do not limit ourselves to any specific formula for a thermoplastic cement, we find the following produce very satisfactory results:

Formula A

	Parts
Cellulose acetate (preferably of variety soluble in acetone).....	100
Triphenyl phosphate.....	10
Paraethyltoluolsulphonamid.....	25
Dibutyl tartrate.....	25
Triacetin.....	20

Formula B

	Parts
Cellulose nitrate.....	100
Camphor.....	60 to 90

(Plaintiff's Exhibit 7)

2

2,079,641

Formula C

	Parts
Cellulose acetate (preferably of variety soluble in acetone)-----	100
5 Tricresyl phosphate-----	15
Diethyl phthalate-----	25
Triacetin-----	25
Dibutyl tartrate-----	25

Formula D

	Parts
Cellulose nitrate-----	100
Camphor-----	30 to 50
15 Dibutyl tartrate-----	30 to 50

The above formulae may be varied as desired and to suit practice, and other known plasticizers may be substituted for those given. However, we prefer not to go below 60 parts of plasticizer to 100 parts of cellulose derivative.

While the invention has been described with respect to compositing or veneering wherein either one or more sides of a color carrying member of any base may be covered with a cellulosic plastic, the invention of course includes any operation wherein a soluble, bleeding, or smearing color is cemented within a cellulosic plastic, as well as cementing cellulosic plastics themselves.

Other cellulose derivatives, besides cellulose nitrate and cellulose acetate, which may be utilized, are cellulose formate, cellulose butyrate, cellulose propionate, ethyl cellulose, benzyl cellulose, etc. Of these, we prefer the esters and particularly cellulose acetate. The manufacture of plastics from these materials is known in the art.

The term "compositing" as used in the specification and hereinafter in the claims is to be construed to mean uniting or combining sheets of the same or different materials.

Having described our invention it is obvious that many modifications may be made in the same within the scope of the claims without departing from the spirit of the invention.

We claim:

1. The process of joining objects at least one of which is a cellulosic plastic and at least one of which bears bleeding colors, comprising inserting a cellulosic plastic cement comprising at least 60 parts plasticizer to 100 parts of cellulose derivative between said objects and applying heat and pressure thereto to cement the same into an integral structure.

2. The process of joining objects at least one of which is a cellulose acetate plastic and at least one of which bears bleeding colors, comprising inserting a cellulosic acetate plastic cement comprising at least 60 parts plasticizer to 100 parts cellulose acetate between said objects and compositing the whole into an integral structure by means of heat and pressure.

3. A composite sheet of integral structure comprising a plurality of sheets at least one of which is of a cellulosic plastic and at least one of which bears bleeding colors, said sheets joined by means of a sheet of cellulosic plastic containing at least 60 parts plasticizer to 100 of cellulosic base between each pair of said first mentioned sheets.

4. A composite sheet of integral structure comprising a plurality of sheets at least one of which is of a cellulose acetate plastic and at least one of which bears bleeding colors, said sheets joined by means of a sheet of cellulose acetate plastic containing at least 60 parts plasticizer to 100 of cellulose acetate base between each pair of said first mentioned sheets.

JAMES F. WALSH.
AMERIGO F. CAPRIO.

No. 3116-BH-Civ Plfs Exhibit No. 7 Filed Sep 7 -
1944 Edmund L. Smith, Clerk, by MEW, Deputy Clerk.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien,
Clerk.

[Endorsed]: Filed Oct. 2, 1944. [93]

[Endorsed]: No. 11008. United States Circuit Court of Appeals for the Ninth Circuit. Otto H. Kruger, Appellant, vs. Ned Whitehead, doing business under the fictitious name of Whitehead & Co., Appellee. Transcript of Record. Upon Appeal from the District Court of the United States for the Southern District of California, Central Division.

Filed March 19, 1945.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals for
the Ninth Circuit.

United States Circuit Court of Appeals
for the Ninth Circuit
No. 11008

OTTO H. KRUGER,

Appellant,

vs.

NED WHITEHEAD, doing business under the fictitious
name of WHITEHEAD AND COMPANY,

Appellee.

APPELLANT'S STATEMENT OF POINTS
UNDER RULE 19 (6)

Appellant hereby adopts as his statement of points under Rule 19 (6) of the Rules of the Circuit Court of Appeals his Statement of Points Under Rule 75 (d) of the Rules of the District Court, filed in the District Court of the United States for the Southern District of California, Central Division, on the 17th day of March, 1945.

Dated the 16th day of March, 1945.

HERBERT A. HUEBNER

Herbert A. Huebner

Attorney for Appellant

Received copy of the within this 16th day of March, 1945. Lyon & Lyon, Frederick W. Lyon, Attorney for Appellees.

[Endorsed]: Filed Mar. 19, 1945. Paul P. O'Brien,
Clerk.

[Title of Circuit Court of Appeals and Cause.]

STIPULATION AND ORDER DESIGNATING THE
PORTIONS OF THE RECORD TO BE PRINT-
ED ON APPEAL AND SPECIFYING DOCU-
MENTS AND EXHIBITS TO BE CONSID-
ERED IN THEIR ORIGINAL FORM WITH-
OUT PRINTING.

It Is Hereby Stipulated by and between the attorneys for the respective parties, pursuant to Rule 19 (6) of the Rules of the Circuit Court of Appeals for the Ninth Circuit that the records, proceedings and evidence material for the consideration of the Court and to be printed as the record on appeal in the above entitled matter shall include the following:

1. Complaint filed August 27, 1943.
2. Plaintiff's bill of particulars filed April 12, 1944, including the exhibits therein.
3. Order for summary judgment filed April 17, 1944.
4. Answer to complaint and counter-claim filed April 21, 1944.
5. Answer to counter-claim filed April 28, 1944.
6. Stipulation concerning the admissibility of certain evidence filed September 7, 1944.
7. Defendant's interrogatories filed August 24, 1944, including exhibits attached thereto (Rep. Tr. p. 25).
8. Plaintiff's answers to defendant's interrogatories filed August 7, 1944, excluding the physical exhibits attached thereto (Rep. Tr. p. 26).
9. Memorandum opinion dated October 16, 1944.
10. Findings of fact and conclusions of law signed and filed November 15, 1944.

11. Final judgment filed November 15, 1944.
12. Notice of appeal.
13. Cost Bond on appeal.
14. The entire Reporter's Transcript of Testimony and Proceedings on Trial.
15. Defendant's Exhibit B which is a certified photostatic copy of the decision of the Board of Appeals dated 7/1/36 respecting Letters Patent No. 2,088,567.
16. Stipulation and Order for Records and Exhibits on Appeal in the District Court.
17. Appellant's Statement of Points Under Rule 75 (d) in the District Court.
18. Appellant's Statement of Points Under Rule 19 (6) in the Circuit Court of Appeals.
19. This Stipulation and Order.

It Is Further Stipulated that printed copies of Patent Office drawings and specifications of the following exhibits be used as inserts in the printed record:

Plaintiff's Exhibits:

- (3) Copy of Letters Patent No. 1,071,226.
- (4) Copy of Letters Patent No. 953,081.
- (5) Copy of Letters Patent No. 1,390,959.
- (6) Copy of Letters Patent No. 894,664.
- (7) Copy of Letters Patent No. 2,079,641.

Defendant's Exhibit:

- (A) Copy of Letters Patent No. 2,088,567.

It Is Further Stipulated, subject to the approval of the Court, that the following physical and documentary exhibits be considered in their original form as now on file

herein without duplication or printing, because said physical and documentary exhibits are incapable of duplication in printed form.

Wherefore it is respectfully requested that the Court enter its order permitting the consideration of the following physical and documentary exhibits without duplication in their original form:

Plaintiff's Exhibits:

(1) Photo copy of file wrapper and contents of United States Letters Patent No. 2,088,567.

Exhibit 8—copy of Application of Walsh and Caprio as originally filed in the Patent Office.

Exhibits 9-A to 9-H, inclusive.

Defendant's Exhibits:

(C) Identification card of defendant.

(F) Identification badge of Kaiser Company, Inc. (manufactured by plaintiff).

The Physical Exhibits attached to plaintiff's answers to defendant's interrogatories.

Dated the 16th day of March, 1945.

HERBERT A. HUEBNER

Herbert A. Huebner

Attorney for Appellant

LYON & LYON

Frederick W. Lyon

Attorneys for Appellee

Good cause appearing, the foregoing stipulation is hereby approved and it is so ordered.

FRANCIS A. GARRECHT,

United States Circuit Judge

[Endorsed]: Filed Mar. 20, 1945. Paul P. O'Brien,
Clerk.

